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General

Foreign Ministry Holds Weekly News Briefing

U.S. Lists PRC as 'Hostile'

HK271016 Beijing XINHUA in English 0955 GMT 27 Jan 88

[Text] Beijing, January 27 (XINHUA)—A Chinese Foreign Ministry spokesperson said here today that "we believe listing China as a hostile country contradicts the position which the U.S. Government has stated officially and openly on many occasions."

When asked to comment on the U.S. Defense Department putting China on the secret list of hostile countries, the spokesperson said "we have taken note of the relevant report."

Zhou Reaffirms Support to 'Arafat

HK270948 Beijing XINHUA in English 0927 GMT 27 Jan 88

[Text] Beijing, January 27 (XINHUA)—Chinese Communist Party leader Zhao Ziyang reaffirmed China's support to the Palestinian people in a recent letter to Chairman Yasir 'Arafat of the Palestine Liberation Organization.

This was disclosed by a Chinese Foreign Ministry spokesman at a weekly press briefing here this afternoon.

The spokesman said that not long ago, Chairman 'Arafat wrote a letter to General Secretary Zhao Ziyang, briefing him on the struggle of the Palestinian residents in the West Bank and Gaza Strip against Israeli occupation.

In his reply letter of January 22, the spokesman said, Zhao praised the Palestinian people for waging a heroic struggle to safeguard their right to existence in defiance of the brute force, expressed the resolute support of the Chinese Communist Party, the Chinese Government and people for the just struggle of the Palestinian people, strongly condemned the Israeli authorities for using violence and demanded that they immediately stop their persecution and expulsion of Palestinian residents.

Zhao emphasized in his letter that the Palestine issue is the crux of the Middle East question and that peace and stability in the Middle East are beyond reach unless the legitimate national rights of the Palestinian people are restored.

He reiterated that China supports the convocation of an international conference on the Middle East question under the auspices of the United Nations for a fair and reasonable solution to the Middle East question.

"The PLO, as the sole legitimate representative of the Palestinian people, has the right to participate in the conference on an equal footing. China is ready to continue working towards an early convocation of the conference," he added.

Commenting on the recent call made by U.N. Secretary General Perez de Cuellar and Secretary General Klibi of the Arab League on the U.N. Security Council to take the initiative in working for the convocation of such an international conference, the spokesman said that the Chinese Government supports the U.N. and the Arab League in their efforts to promote the Middle East peace process.

NPC Delegation To Visit Thailand

OW271118 Beijing XINHUA in English 1053 GMT 27 Jan 88

[Text] Beijing, January 27 (XINHUA)—At the invitation of the National Assembly of the Kingdom of Thailand, a delegation from the Chinese National People's Congress, led by Vice-Chairman of its Standing Committee Chen Pixian, will pay a goodwill visit to Thailand from January 29 to February 6.

A Foreign Ministry spokesman made this announcement at a weekly news briefing here this afternoon.

Australian Governor To Visit

OW271108 Beijing XINHUA in English 1039 GMT 27 Jan 88

[Text] Beijing, January 27 (XINHUA)—At the invitation of Chinese President Li Xiannian, Ninian Stephen, governor of the Commonwealth of Australia, will, with his wife, pay an official visit to China from February 9 to 16.

This was disclosed by a Chinese Foreign Ministry spokesman at a weekly news briefing here this afternoon.

XINHUA on Iran, Iraq Stands on U.N. Plan

OW270610 Beijing XINHUA in English 0121 GMT 27 Jan 88

[Text] United Nations, January 26 (XINHUA)—The United Nations Security Council will conduct a new round of consultations soon on the war between Iran and Iraq, U.N. spokesman Francois Giuliani briefed reporters here today.

The spokesman did not give the specific time, but a well-informed source disclosed that the consultation is likely to take place Thursday.

The new round of consultations among all 15 members of the council are expected to discuss the latest positions of the two warring sides in their respective letters delivered to the U.N. chief and likely to focus on the proposed sanction measures.

Both Iran and Iraq reaffirmed their positions recently to "cooperate fully" with the U.N. secretary-general in implementing Resolution 598 adopted by the council last July.

In a letter to the U.N. chief published here today, Iraqi Foreign Minister Tariq Aziz insisted that the resolution must be treated as "an indivisible whole" and should not be subjected to "bargaining, fragmentation or selective application."

Observers here note that the latest Iraqi statement represents a veiled criticism of the outline plan presented by the secretary-general to both parties last September. The plan calls for the D-Day to be determined in conjunction with the beginning of the ceasefire and the commencement of the work of an impartial body to determine the responsibility for initiating the war.

Iraq has always insisted on the sequential implementation of the resolution—ceasefire and the withdrawal of troops first, and then determination of war responsibility, to be followed by repatriation of prisoners of war.

Iran, on the other hand, has criticized the Iraqi position as "a policy of sabotage and procrastination." In a letter to the secretary-general delivered last week, which has not been published and a copy of which was obtained by XINHUA today, Iranian Foreign Minister Ali Akbar Velayati blamed Iraq for "the slow pace of progress in the implementation of the plan," and reaffirmed Iran's acceptance "in principle" of that plan.

He said that an Iranian emissary is ready to meet with the U.N. chief for further negotiations at an agreed time and place.

While no new positions have been offered in the latest communications from the two sides, their respective letters to the U.N. chief are taken by analysts here as "a preemptive action" by one party to shift the blame onto the other, against rising expectations of a possible second resolution by the council.

At a mini press conference at the Iranian mission to the United Nations this afternoon, a senior Iranian diplomat who asked not to be identified reaffirmed that "Iran has accepted in principle" the implementation plan of the secretary-general and expressed "flexibility" toward the implementation of Resolution 598.

However, he insisted on the commencement of the work of the impartial body simultaneously with the observation of ceasefire as the first step in implementing Resolution 598.

In a presidential statement on December 24, the Security Council expressed its readiness to consider further measures against the party that refuses to comply with Resolution 598.

Diplomats from the five permanent members of the council have had several rounds of private consultations since then on the possibility of imposing sanctions against the intransigent party and on ways and means to enforce such measures.

U.N. sources acknowledge that the process for implementing Resolution 598 is still deadlocked, and no breakthrough will be made soon.

United States & Canada

Trade With U.S. Up; Protectionism a Hindrance
HK271210 Hong Kong AFP in English 1152 GMT 27 Jan 88

[Text] Beijing, Jan 27 (AFP)—Trade between China and the United States totalled 7.8 billion dollars in 1987, up 500 million dollars from the previous year, the INTERNATIONAL BUSINESS DAILY reported here Wednesday.

It added however that China continued to have a substantial trade deficit with the United States.

Chinese exports totalled three billion dollars in 1987, up 15.6 percent from 1986, while imports reached 4.8 billion dollars, up 2.4 percent, the daily said, quoting Foreign Trade Ministry figures.

While the future of Sino-U.S. trade appeared to be favourable, U.S. protectionism continued to hinder commercial relations, the daily said.

China exported more textiles, cereals, edible oils, food and petrol in 1987, the newspaper said.

Direct U.S. investment reached 3.1 billion dollars in September and accounted for 14 percent of total foreign investment in China, it added.

SHIJIE ZHISHI Article on 'Fate' of SDI
HK270705 Beijing SHIJIE ZHISHI in Chinese No 24, 16 Dec 87 pp 2-3

[Article by Zhuang Qubing (8369 0637 4016): "What Is SDI's Fate?"]

[Text] The SDI (Strategic Defense Initiative), which was officially set out by President Reagan in March 1983, created a furor for a while and has become a major issue evoking endless controversy in the world. Those who criticize the SDI argue that this program runs counter to the trend of detente as it may aggravate the arms race; and therefore, it is of no benefit to the United States and it will involve tremendous technological difficulties and incur terribly great expense. Those who defend the program praise it as an epoch-making evolution of military strategy which is of manifold strategic importance, and as a wonderful plan of far-reaching significance which will serve as a great impetus to the United

States in its efforts to strive for superiority in overall national strength in the future. Neither side is ready to give in to the other's view. As Reagan's term of office will end next year, what will SDI's fate be? Will it be given up halfway after the Reagan administration ends? Or will it be carried on as an important political heritage left over by the "Reagan Era"? These are questions of common concern.

In order to look into the prospects for SDI perhaps we can first review a debate between Teller and Graham of a few years ago.

Tracing the Origin of the Controversy [subhead]

Many people believe that the SDI originated from the "High Frontier" program initiated by former U.S. Defense Intelligence Agency director Graham. In fact this is not completely true. The origins of the SDI can be traced back further. In 1972 the United States and the Soviet Union signed the Antiballistic Missile Treaty (hereinafter called ABM Treaty). But since then both sides have continued their efforts to develop new antimissile defense technology. In 1979, U.S. Senator Wallop clearly proposed for the first time that new technology be applied to building a strategic defense system. After that, in 1980, the Republican Party suggested in its election manifesto that the United States should "make great efforts to develop an effective antiballistic missile system." After Reagan assumed office the U.S. strategic orientation, especially its nuclear strategic orientation, gradually underwent major changes, namely that the United States began to realize that the "mutually assured destruction" nuclear strategy had already become outmoded and thus should be replaced with a new one. In face of this change Reagan began to inquire of experts in the relevant fields about the possibility of building a space-based strategic defense system.

At that time well-known physicist Teller, who is known as the "father of the hydrogen bomb," played a significant role in bringing about the change. He believed that it was possible to use X-ray lasers to intercept Soviet long-range missiles in the future. He called on Reagan four times to present this idea. In 1981, nuclear physicist (Jiwosi) [1015 3087 2448], one of Teller's followers, was appointed Reagan's science advisor. In the same year, a number of scientists, notables from military circles, entrepreneurs, and astronautics affairs officials met at the Traditional Foundation in Washington to thoroughly discuss strategic defense questions. This group of people later divided into two factions. The minority faction, consisting of former Secretary of the Army (Bentsen) [ben de sen 2609 1795 2773], Teller, and members of Reagan's "kitchen cabinet," advocated that long-term studies be made before a strategic defensive system was built with future advanced technology while Graham and the others (who were later called the "High Frontier" faction) emphasized the necessity of a prompt deployment by applying available technology.

Benefiting from their close relations with Reagan, (Bentsen) and Teller had the opportunity to meet Reagan personally several times to explain their idea. For this reason Reagan inclined toward this faction. But, in February 1982 Graham and his followers published a "High Frontier Paper" running to more than 100 pages, attempting to use public opinion to exert pressure on Reagan in the decision-making process. In fact, both factions have the same fundamental goal, namely, to seize superiority in space so as to substantially increase the United States' military force. The two factions differ from each other in the specific measures to be adopted: The stress seems to have been placed on long-term planning by the former, while the latter place it on the immediate needs. In April 1983, Reagan ordered the setting up of a Hoffmann Committee and a Fratcher Committee to study the policy and the technological aspects of SDI respectively. In light of a report submitted by the latter committee, the U.S. Government later drew up in detail a SDI which is based mainly on future technological development.

According to that plan, a feasibility study will be completed by the early 1990's, when the President and Congress will decide "whether system development should commence." It is anticipated that development and deployment of the SDI will be carried out in four phases. This will take 2 to 3 decades or even longer to complete and will involve the enormous investment of \$1,000 billion. The United States seems to have drawn a lesson from the "Sentinel" antimissile system project which failed due to hastiness in the 1970's. This time, the SDI has been much better planned. DeLauer, the then undersecretary of defense, believed that the degree of difficulty of the SDI is equal to that of implementing eight "Manhattan Projects."

The SDI contains a multi-(actually four-)layer defense structure. What merits attention is that the principal goal of this plan is to build a protective umbrella to cover the whole country rather than to defend scattered places. This is a strong and efficient space shield. The kernel of the SDI lies in the fact that it is a high technology project which will apply the high technology of tomorrow rather than currently available "ordinary" technology. This is also of great significance to the United States' scientific, technological, and economic development. As soon as the SDI is deployed, it will be unremittently intensified in response to any countermeasures adopted by the Soviet Union, so that it can ensure that the United States will always be in an invincible position in military and technological terms.

Just because the SDI displays the United States' long-term intention of seizing the superiority in the field of space science and high technology, the SDI will not be a short-term plan. It will not come to an end in the wake of the termination of Reagan's term of office. In other words, it is by no means easy to pull the SDI up by the roots because it has been deeply rooted.

However, this does not mean an end to the controversy. The actual development of the SDI has been restricted by many contradictions and specific conditions at home and abroad. It has been noticed that the SDI is now facing numerous difficulties.

Numerous Difficulties [subhead]

1. The prospects for getting fund appropriation do not look bright. The United States now has a stronger and stronger feeling that its own resources are so limited that it will not be able to invest a large amount of funds. The U.S. Government originally planned to increase the research budget to \$26 billion within 5 years. At the very beginning, Congress had shown the intention of approving the appropriation of large funds. But, in the last 2 years, it began to cut the budget. The 1987 budget appropriation was 33 percent less than the original budget, and the following year will probably witness a still more considerable reduction. Because of the stock market crash last October, the budget deficit has become a common target for public criticism, and the SDI has become the first project to be affected.

2. There are more and more people at home opposing or doubting the SDI. Among them are many scientists, former presidents Ford and Carter, and some former political circle notables.

3. There is a divergence of views within the government. Weinberger and other anti-Soviet hardliners have strongly maintained that the SDI should be launched ahead of schedule. They hold that a hard line should be upheld against Gorbachev, as this can help the United States regain military superiority and get the upper hand in political negotiations. What is more, as Reagan's term of office is about to terminate it will be more appropriate to speed up the operation, and lay down a sound foundation first lest the whole plan be destroyed because of personnel changes or long delays. This is the strategy of using attack as a means of defense.

Shultz and other members of the realistic faction hold that the United States should take a realistic attitude toward the Soviet Union otherwise it will not be able to keep up with the overall developing situation. They believe that the United States should not be overanxious to conclude certain agreements and to deploy the SDI, otherwise U.S.-Soviet negotiations will be spoiled. Nunn, chairman of the Senate Armed Services Committee, and many political leaders such as former Secretary of Defense Brown, hold similar views. Judging from the current situation, this faction has got the upper hand. In face of the pressure from within and without the country, Reagan now inclines to the opinion of this latter faction. Recently, some backbone elements of the anti-Soviet hardline faction within the Reagan administration have resigned in turn. This has made SDI supporters more anxious.

4. Technological research is not progressing very well. Although progress has been made in research on some key technological items, so far no major breakthrough has been achieved. For example, while rapid progress has been made in kinetic weapons research, the situation regarding directed energy weapons is not too satisfactory. There is still a long way to go before the antimissile strategic defense technology can be applied. Technology is undoubtedly an important factor in deciding whether the SDI can be deployed ahead of schedule or whether the original deployment schedule can be carried out as expected.

Now, let us have a look at the current situation in the development of the SDI. The Reagan administration began to revise the original plan in late 1986. Last February, Weinberger publicly set out a proposal for phase-by-phase anticipated deployment. There is a tendency that the stress is being shifted from exploration of future technology to application of current technology. According to this proposal the first deployment phase will start in 1994. That is to say the plan will be implemented hurriedly at the expense of quality.

According to the revised plan the defensive force resulting from the first phase will be quite weak. It is said that the missile interception rate will be merely 30 percent and, what is more, only the first interception will be carried out in space, with all subsequent actions carried out from the ground.

The principal offensive weapons selected in the original plan, namely, the high-speed directed energy weapons (such as lasers, particle beam, and so on), have been given up, and the stress is now placed on kinetic weapons (namely, the electromagnetic gun) instead.

The space-based weapon system has no defense capability and is vulnerable to attack by the Soviet Union's countermeasures, such as land-based systems and space mines. The Soviet Union can also resort to such counteractive means as rapid-launch missiles and large quantities of dummy warheads.

Furthermore, some specialists believe that even if the SDI is downgraded at the expense of quality, it will still be very difficult to start deploying it according to the new schedule by 1994. The greatest difficulty rests on the building of a space combat station. By estimate, to only deliver 8 million pounds of equipment into space orbit will cost hundreds of space shuttle flight missions. Therefore it is by no means surprising that Chairman of the U.S. Joint Chiefs of Staff Crowe asserted in his letter to Congress that it is unrealistic to expect deployment of the SDI in the mid-1990's. (Jonas) [YU NA SI 4766 4780 2448], former Strategic Defense Agency chief scientist, and some other people also pointed out: It will take 10 years to make preparations merely for a limited deployment. In addition, according to a resolution adopted by the U.S. Congress in 1985, the President, before deploying the SDI, is required to make sure that: 1) The cost of

deploying the SDI is lower than the Soviets have to spend to increase their offensive force; and 2) The SDI system must have its own resistant power against destruction and can survive on its own. But as it is very difficult for the President to make sure of either factor, it is therefore also difficult to deploy the SDI.

Despite all these difficulties, there are also some still more important factors to convince people that the SDI is imperative.

The SDI Is Essential [subhead]

First of all, the United States believes that the Soviet Union remains its major long-term opponent. Therefore the Soviet Union's reaction to the SDI will have a tremendous influence on the fate of this project. A research report prepared by the U.S. Stanford University pointed out that the Soviet Union had made unceasing progress in the development of antimissile technology since 1972. Recently, Gorbachev also admitted that the Soviet Union is engaged in developing space-based defensive missile weapons. A U.S. official estimate indicates that in 20 key technological items related to antimissile defensive systems, the Soviet Union can match the United States in such fields as directed energy and power source but lags behind in the areas of computers, software, and so on. In brief, the Soviet Union's space technology must not be underestimated. It has already taken the lead in deploying antisatellite weapons, while making unremitting efforts to improve its antimissile system in Moscow and building up a large phase-controlled lattice radar station. In particular it has surpassed the United States in the construction of a space station and in exploring manned space flight. The newly built heavy duty rocket "Energy" has a driving force which is several times more powerful than that of the biggest U.S.-made rocket. Meanwhile, the Moscow authorities have repeatedly declared that the Soviet Union is now capable of destroying the United States' strategic defensive system by adopting low-cost, but highly efficient, countermeasures. For this reason, although there are really quite a number of Americans who oppose the deployment of SDI, many people still think it necessary to continue technological research.

Second, from a long-term point of view high technology will play an unprecedentedly important part in international politics and economy and will serve as a major criterion in evaluating a country's comprehensive national strength. As soon as the United States put forward the SDI, not only the Soviet Union but also Western Europe and Japan set to launching their own strategic projects in high-technology development. Therefore, judging from the needs of international contention, the SDI cannot be suspended.

Third, as everybody knows the SDI is Reagan's baby and one of his trump cards to show off his political achievements. The intermediate-range missile talks were deadlocked by the SDI issue, but Reagan has never agreed to

make any concessions, firmly believing that the SDI is an effective instrument to force the Soviet Union to make concessions in the arms control talks. The U.S. Government will not change its mind on the SDI issue just because of the resignations of some anti-Soviet hardliners or in the interests of the U.S.-Soviet summit. Also because of the fact that the United States has already initiated the SDI by calling together a great number of outstanding scientists and technological experts and concentrating a large amount of resources. It appears that any new president, Republican or Democrat, will not veto the SDI. Reagan specially chose to announce at Martin Marietta Astronavigation Company (one of the major contractors for SDI development) on the eve of the U.S.-Soviet summit: "The United States cannot but do its utmost to develop this missile defensive system and put it into use." The more resources Reagan invests in launching the SDI, the less possible it will be to reverse the fate of this project.

Although the fate of the SDI seems to have been determined, its scale, the pace of development, the deployment schedule, and other factors are variable. They are conditional on circumstances in the United States and future U.S.-Soviet relations. Technologically speaking it can be foreseen that the United States cannot possibly build a very effective antimissile defensive system. To conclude let us quote a remark from a report by the U.S. Congress Office of Technology Assessment: "Even if the United States is armed with the SDI, it cannot possibly escape negotiations (with the Soviet Union)."

Yao Yilin Meets General Motors Official

OW270046 Beijing Domestic Service in Mandarin 2230 GMT 22 Jan 88

[Text] According to XINHUA, Vice Premier Yao Yilin met with the vice president of the U.S. General Motors Corp. and his party on the evening of 22 January. The two sides agreed that the prospects are bright for Sino-U.S. cooperation in the automobile industry.

Northeast Asia

PRC Ambassador Discusses Japanese Relations

HK270133 Beijing ZHONGGUO XINWEN SHE
in Chinese 1420 GMT 25 Jan 88

[Text] Tokyo, 25 (ZHONGGUO XINWEN SHE)—Although various obstacles remain in Sino-Japanese relations, Chinese Ambassador to Japan Zhang Shu is still fully confident in the future.

Zhang Shu said at a meeting held today by the Japanese-Chinese Friendship Association that more and more Japanese politicians have come to realize the necessity of Sino-Japanese friendship and believe that the obstacles and problems in Sino-Japanese relations will be resolved.

Zhang Shu said that last year, Sino-Japanese relations developed smoothly and economic and cultural exchanges and cooperation between the two countries have made good progress. He expressed gratitude to the friends of the Japanese-Chinese Friendship Association and praised their contributions to the advances of Sino-Japanese friendship in the past year.

Tokuma Utsunomiya, 83, chairman of the Japanese-Chinese Friendship Association, pointed out at the association's new year meeting that the development of Sino-Japanese relations is beneficial to both peoples and that this is not a matter of any individuals. He appealed to the Japanese authorities concerned to properly resolve the problems, such as the Kokaryo case, that are hindering the development of Sino-Japanese relations as quickly as possible.

This year will mark the 10th anniversary of the conclusion of the Sino-Japanese Peace and Friendship Treaty. It was learned that Japan will organize the Tokyo-Beijing marathon race, the Silk Road exhibition, and other activities this year.

Southeast Asia & Pacific

Sihanouk Discusses Quadripartite Government

*OW261231 Beijing XINHUA Domestic Service
in Chinese 0138 GMT 26 Jan 88*

[By reporter Shen Xiaoquan]

[Text] Paris, 25 Jan (XINHUA)—Democratic Kampuchean President Samdech Norodom Sihanouk stressed today that what he suggested was the formation of a quadripartite provisional government, not a bipartite one, to organize a general election.

Sihanouk elucidated this stand in an announcement delivered to a XINHUA reporter at his Paris office tonight.

He said: In view of the rumors that when he and Phnom Penh-supported Hun Sen met for the second time, he had suggested to form a so-called bipartite government without Democratic Kampuchea and Son Sann's Khmer People's National Liberation Front, there is a need to clarify things.

Sihanouk said: "During the meeting, I had said that if the other two factions refuse to join the coalition government, I would form a bipartite provisional government with Hun Sen under certain conditions." He emphatically pointed out that this kind of provisional government can only be formed under the prerequisite of the disbanding of the Phnom Penh puppet regime — the so-called "People's Republic of Kampuchea." Therefore, it is groundless and ridiculous to feel excited about the possibility of forming a "Cambodian Provisional Government" only with Sihanouk and Hun Sen.

Sihanouk said: During this meeting, he also suggested to form an "international peace-keeping force" to be stationed in Cambodia when Vietnamese troops pull out, but Hun Sen showed no sign of agreement.

Sihanouk met, for the second time, "Prime Minister" of the Phnom Penh puppet regime Hun Sen on 20 and 21 January at Saint-Germain-en-Laye in the western suburbs of Paris. Hun Sen attended the meeting as an individual. It was announced that at this meeting, discussions on the withdrawal of Vietnamese troops, the formation of a coalition government, and other specific issues on the future of Cambodia were held without any result.

A spokesman for Sihanouk's office also revealed tonight that the prince will leave Paris on a Chinese airliner on 27 January for Beijing.

Son Sann Reaffirms Position on Peace Talks

*OW261406 Beijing XINHUA in English 1327 GMT
26 Jan 88*

[Text] Bangkok, January 26 (XINHUA)—Son Sann, prime minister of the Coalition Government of Democratic Kampuchea (CGDK), today reaffirmed that he is ready to negotiate with the Heng Samrin regime to end the Kampuchean conflict if Vietnam also participates in the talks or pledges to withdraw its troops from Kampuchea immediately after the talks.

A press release issued by the Khmer People's National Liberation Front (KPNLF) with Son Sann as its president said that the KPNLF "views any peace talks without the participation of the aggressors as a ploy by Vietnam to divide the CGDK and its supporters, to cover up its aggression and to mislead public opinion into believing that the aggression is a civil war between the CGDK and the Heng Samrin regime."

"As part of these divisive manoeuvres, Hun Sen has stated that the KPNLF President Son Sann had sought a secret meeting with him," it said. It declared that Son Sann "has never sought any meeting, secret or otherwise, with Hun Sen."

The press release said Son Sann is ready "to meet with Hun Sen together with Vietnamese representatives and other Cambodian (Kampuchean) parties to find a solution to the present conflict."

Wan Li Attends Australian Envoy's Reception

*OW261148 Beijing XINHUA in English 1120 GMT
26 Jan 88*

[Text] Beijing, January 26 (XINHUA)—Dr. Rossgarnaut, Australian ambassador to China, hosted a reception at his embassy here at noon today on occasion of Australia Day.

Present on the occasion were Wan Li, vice-premier, Zhao Dongwan, minister of labor and personnel, Qi Yuanjing, minister of metallurgical industry, and leading members of other departments concerned.

In an interview with XINHUA at the reception, the Australian ambassador spoke highly of the relations of friendship and cooperation between China and Australia. Looking back of the 15 years since the establishment of their diplomatic relations, he said, there are remarkable progress in many fields between the two countries. "There's excellent understanding between the governments at national and provincial levels, which provides a strong basis for the development of cooperation in many areas," he said.

He held that consultations between the two governments on political matters, such as disarmament and regional disputes, has become a significant factor in promoting peace and development in the Asia-Pacific Region.

He noted that the economic relationship between China and Australia has expanded enormously over the last decade and diversified into many new areas. In recent years, he continued, trade in management, technological and other services has become important for the two countries, and the technical cooperation helped promote people to people contact.

He said joint ventures between the enterprises of the two countries have become very important in the last two or three years. In China, there are over 50 joint venture agreements signed by Australian enterprises, while in Australia, there are two of China's largest investment projects overseas.

The bilateral education and cultural relations have grown rapidly, he said.

"I have no doubt that the future holds still greater achievements in the bilateral relations," he added.

Gu Mu Meets Chairman of Singapore Firm
OW261555 Beijing XINHUA in English 1504 GMT
26 Jan 88

[Text] Beijing, January 26 (XINHUA)—Chinese State Councillor Gu Mu met here this afternoon with [name indistinct] chairman of the Tunas (PTE) LTD of Singapore, and his party.

Tong, an Indonesian, has long been living in Singapore. He is here as guest of the China Council for the Promotion of International trade (CCPIT).

Present on the occasion was Jia Shi, president of the CCPIT.

Near East & South Asia

News Analysis of Indo-Sri Lankan Summit
OW270543 Beijing XINHUA in English 1159 GMT
25 Jan 88

["News Analysis: Indo-Sri Lankan Summit Seems to Be Vital, Crucial (by Zhao Xinkao and Liu Ruiping)"—XINHUA headline]

[Text] Colombo, January 25 (XINHUA)—Sri Lankan President J.R. Jayewardene left here this morning as New Delhi's chief guest at the Indian Republic Day celebrations tomorrow.

Observers here believe that the visit, the second in 2 months, evidently has a special purpose and greater significance than that of all the colorful ceremonies marking the occasion.

Jayewardene will have two rounds of official talks with Indian Prime Minister Rajiv Gandhi. Their discussions are expected to focus on the implementation of the Indo-Sri Lankan peace accord which they signed in July last year and further steps to be taken to settle the ethnic problem in Sri Lanka.

Six months has elapsed, but no solution to the problem is evident. The accord has invited more and more criticism voiced by newspapers and opposition from cabinet ministers. A minister and one of the ruling party's founders even resigned for opposing the accord. Radical Sinhalese organizations which act against the accord have continued to resort to violence in the south, killing over 100 ruling United National Party (UNP) members and supporters including its chairman.

The Indian Peace Keeping Forces (IPKF) are deployed under the accord in the northern and eastern provinces. The number of its combat forces has increased from several thousands at the initial stage to three divisions of 37,230 men at present, surpassing the number of Sri Lanka troops in the north and east which amount to only 13,950. The IPKF failed to disarm the Tamil militants and to pursue the militants to fall into line with the accord. They took control of the Jaffna Peninsula after fierce battles with the Liberation Tigers of Tamil Eelam (LTTE), the strongest Tamil militant group fighting for an independent homeland for the Tamils, but were actually bogged down into a quagmire of hit-and-run guerrilla warfare staged by the militants in wider areas in the north and east of the island.

Peace has not been restored as promised. On the contrary, ethnic violence between Tamils and Sinhalese, Tamils and Muslims have even escalated with more killings. Over 800,000 people had to seek shelter in refugee camps. Most of them became refugees after the signing of the accord.

Sri Lankan Parliament passed the Provincial Council Election Law on January 22 this year, paving the way for holding elections in the Tamil-predominant northern and eastern provinces. However, it is widely held that there is still no hope of its realization in the near future as fighting are still going on and 800,000 refugees rendered homeless.

In face of the rousing criticism against IPKF's inability and atrocities and demand for IPKF's withdrawal, what will the Indian Government do next, to pour more troops into Sri Lanka or to pull them out?

It was learnt that National Security Minister Lalith Athulathmudali, member of Jayewardene's entourage who is believed to be not supportive to the Indian presence, will discuss with his Indian counterpart the function and the future of the IPKF and the resettlement of refugees. Sri Lanka is expected to insist on sending more its security forces to protect the people in the east instead of the IPKF as the local people are reportedly afraid of the Indian troops.

Though the accord has been implemented for 6 months, there are still different views over the question: whether it has a binding force?

The opposition termed it "a sell-out" and "illegal" as it has not approved by Parliament nor a public referendum.

Prime Minister R. Premadasa has publicly said that the accord is not one between the two Governments but only an individual accord between J.R. Jayewardene and Rajiv Gandhi. Some government officials maintained that the letters exchanged between the two leaders, as an annexation to the accord, are not complete. They only stipulated the obligations that should be undertaken by the Sri Lankan side, and no obligations for the Indian side. This is not reciprocal and thus they have no binding force. The officials held that there should be a treaty containing a mutuality clause to replace the present individual accord.

According to an official source, a draft of the proposed Indo-Sri Lanka Friendship Treaty has been prepared by a special committee on the line of the Soviet-Indian treaty.

The proposal had been shelved at first as India expressed no interest in it. However, it was reportedly submitted again a few days ago after India reportedly shifted over to an "open minded" attitude. The draft treaty is said to be one of the main topics to be discussed in the forthcoming summit.

Observers here believe the discussions in New Delhi will be vital for both sides and particularly crucial to the Sri Lankan Government, as it has to face the challenges in the forthcoming presidential election and general elections to be held this year or next year.

West Europe

Zhao Sends Congratulations to Spain's Gonzalez
OW270334 Beijing XINHUA Domestic Service
in Chinese 1409 GMT 25 Jan 88

[Text] Beijing, 25 Jan (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee, today sent a telegram to Felipe Gonzalez Marquez to warmly congratulate him on his reelection as general secretary of the Spanish Socialist Workers' Party.

The congratulatory telegram says: At the time of "your reelection as general secretary of the Spanish Socialist Workers' Party," "I wish to extend warm congratulations to you in the name of the CPC and in my own name." "I wish you success in carrying out the lofty missions your party has entrusted to you."

The congratulatory telegram expresses the hope that "the friendship and cooperation between the Chinese and Spanish parties will further develop" and that "the friendship between China and Spain and between their peoples will be continuously strengthened."

East Europe

Sports Cooperation Accord Signed With CSSR
OW261434 Beijing XINHUA in English 0849 GMT
26 Jan 88

[Text] Beijing, January 26 (XINHUA)—Huang Hua, vice-chairman of the Standing Committee of the Chinese National People's Congress, met and had a friendly conversation with the visiting Czechoslovak sports delegation at the Great Hall of the People here today.

Present on the occasion were Li Menghua, minister of the Chinese State Physical Culture and Sports Commission, and Zdenko Cheben, Czechoslovak ambassador to China here.

After the meeting, a sports exchange protocol for 1988 between the two countries was signed by leading members of the Chinese Sports Commission and the Czechoslovak Sports Federation, on behalf of their respective countries.

In accordance with the protocol, China will send table tennis, handball, weightlifting, gymnastic and athletics teams to Czechoslovakia while Czechoslovak gymnasts, athletes, soccer, water polo players and judoists will compete in China.

China's table tennis coaches will go to Czechoslovakia to help their paddlers in training, and Czechoslovak tennis coaches will help Chinese players raise their skill in China.

Latin America & Caribbean

Li Meets Peru Minister, Views Disarmament
*OW261629 Beijing XINHUA in English 1559 GMT
26 Jan 88*

[Text] Beijing, January 26 (XINHUA)—China takes a positive attitude toward its cooperation with Peru, said Acting Premier Li Peng at a meeting with Peruvian Foreign Minister Allan Wagner Tizon here today.

Li said the two countries enjoy good political relations, but their economic relations and trade remain at a comparatively low level.

He expressed the hope that the two countries will expand their economic relations, trade and technical cooperation on the basis of equality and mutual benefit.

Wagner agreed and suggested the two countries cooperate in mining, metallurgical industry and fisheries.

Li Peng said China and Peru share identical views on major international issues.

He said China welcomes the U.S.-Soviet agreement on intermediate range nuclear forces. "But that does not mean peace under heaven," Li said, adding the United States and the Soviet Union should continue to reduce nuclear, chemical and conventional weapons.

In this sense, he said, the peace-loving countries and people still have a long way to go pushing the United States and Soviet Union to take new steps to cut down nuclear and conventional arms.

Wagner said the reduction of nuclear weapons is an issue that involves not only the United States and the Soviet Union but also the human race. Peru is willing to join efforts with China in safeguarding world peace and security, he said.

On China's domestic construction, Li said, China will draw on the experience and lessons of some developing countries in accepting foreign investment to speed up its socialist construction.

During the meeting, Wagner asked Li to convey greetings to Chinese President Li Xiannian from Peruvian President Alan Garcia Perez. And Li Peng asked Wagner to convey Li Xiannian's regards to Garcia.

Press Officials Urge Advancing Press Reform
HK270851 Beijing XINWEN ZHANXIAN
in Chinese No 1, 88 pp 8-11

[Article by staff reporters Hou Bing (0186 0365) and Lu Hongde (7120 1347 1795): "Push Press Reform to a New Stage—Interviews with Responsible Persons of Some Press Units in the Capital"]

[Text] With ideas, excitement, and confidence in pushing press reform forward, people in press circles in the capital have ushered in the year 1988.

In 1987, people in press circles throughout the country were actively engaged in the propagation of reforms under the situation of opening up to the world. They made gratifying achievements in propagating reforms. The report to the 13th party congress, which was acclaimed by foreign and domestic readers, and in particular the live broadcast of the congress, expressed the progress of China's political overtness and democratization. The live broadcast and other television highlights on the congress have set a good example for forming a social consultation and dialogue system and provided an important revelation for press reform in the future.

Some newspapers in the capital are enjoying a good reputation among readers because they have boldly touched the "difficult and hot points" in economic reform and conducted dialogues and discussions with readers on matters of common interest.

One hundred and sixty reporters rushed to the scene of the big forest fire in Daxinganling regardless of their personal safety, thereby making contributions to filing reports on this disaster. Three articles in ZHONGGUO QINGNIAN BAO including "A Red Warning" not only revealed a number of social problems to people, but also provided useful inspiration for press circles to make a breakthrough in reporting on disasters.

Articles like the "Historical Position of China's Reforms" and "Awakening Amid the Pain of Reforms" also appeared in RENMIN RIBAO and other newspapers. Although they were not many, they aroused a deep interest in press circles and among readers.

"Reform propagation in the course of propagating reforms" has become the common wish of comrades in press circles.

When 1987 was drawing to a close and 1988 was approaching, the two reporters interviewed some press units in the capital. In the units they visited, they saw people summing up their experiences in press reform and studying how to push forward press reform in the new environment resulting from the convening of the 13th congress.

"Deepen Press Reform by Making the Most of the Favorable Situation Brought About by the 13th Congress!" [subhead]

"The report to the 13th party congress is a guide to press reform and an ideological weapon for press reform as well." "The theory on the initial stage of socialism proposed by the 13th party congress has pointed out a correct direction for press work and press reform." Some leaders of major press units in the capital expressed these remarks to the two reporters. Tan Wenrui, chief editor of RENMIN RIBAO, told us: "We should deepen press reform by making the most of the favorable situation brought about by the 13th congress. The report to the 13th congress has set a higher demand on us in terms of forming a social consultation and dialogue system, bringing into play the role of press supervision, and strengthening the party's propaganda work. It has also provided a more favorable condition for our press reform." He took the 13th congress report from his desk and said, pointing at the passages relevant to press reports and press reform: "Since the 13th congress report has explicit explanations, we should apply them well and not let the party down." Man Yunlai, chief editor of BEIJING RIBAO, told us with full confidence: "The theory on the initial stage of socialism has provided press propagation work with a long-term stable guide. Now the general orientation is clear."

Bring Into Better Play the Role of Press Media [subhead]

As pointed out by the 13th congress report, it is necessary to set up a social consultation and dialogue system, to bring into better play the role of the existing channels of consultation and dialogue, and to open up new avenues. Press media are important channels for conducting consultations and dialogues. In comparison with other channels, press media are of a more overt and broader nature. Over the last year, press units have filed reports on dialogues between leaders and masses in many parts of the country. They have achieved excellent results. While the new year was approaching, press units in all parts of the country were busy studying how to bring into better play the role of press media.

Guo Chaoren, deputy director of the XINHUA NEWS AGENCY, told the reporters that on the basis of summing up their work in 1987, they decided that XINHUA reports in the future should break free from some forbidden areas, that they should increase reports on party and government affairs as well as difficult and hot issues which concern the masses, and that they should allow the people to know more about major events. Moreover, they will expand the scope of coverage, give publicity to forgotten corners, and reflect the people's livelihood from all angles.

Events at the higher level should be publicized to people at the grass-roots level and vice versa, but it is all the more necessary for press media to report events at the grass-roots level to the higher authorities. Tan Wenrui

said that RENMIN RIBAO conducted a survey on 6,000 people in 1986. The strongest reaction from these people was that RENMIN RIBAO had not done well enough in reflecting the demands and wishes of the people to the higher authorities, in spite of the fact that it had given prompt and accurate publicity to the principles and policies of the CPC Central Committee. Newspapers should promptly reflect the demands and wishes of the people. Newspapers should give wider publicity to the voice of the masses and all types of opinions.

Tan Wenrui said: The 13th congress report points out that it is necessary to "improve the overtness of leading organs' activities." In the past, there were very few or no reports at all on this matter. Now as the overtness is being improved, newspapers should have more reports on this problem, and they should report well. Newspapers should expand their coverage so that reports can embody major political events. In this way, unlike in the past, major political news can be reported to the people in the country before it is made known to foreigners.

"Dialogue should reflect differing views," said Xu Zhuqing, editor in chief of ZHONGGUO QINGNIAN BAO, which is well received by young readers, in an interview with these reporters. In his view, it is unnecessary to hold dialogues on issues on which people have identical views or on very simple issues. Dialogues should be held chiefly on issues on which the leaders and the masses or different sections of the masses do not have identical views or have widely differing views, on hot spots or difficult issues. When reporting on dialogues, we should reflect different voices and direct discussions of differing views on an equal basis. If there is only one voice, this can hardly be regarded as a dialogue. He Guang, director of the general directors office at the Ministry of Radio, Film, and Television, said to these reporters: In holding consultations and dialogues, it won't do to ask leaders to deliver speeches every day. When there are differing views on the same issue between the higher and lower levels and among people, the leaders should explain to the masses and, at the same time, listen to their views and demands. Social groups with different interests have different demands; people of different ages and professions also have different demands. It is necessary for them to conduct mutual exchanges. The media should provide channels for these exchanges.

Strengthen Supervision by Public Opinion and Do a Good Job of Critical Reports [subhead]

The supervisory role of the press finds conspicuous expression in critical reports. Over the past few years, the press circles have carried some influential critical reports and attained satisfactory results. However, carrying critical reports entails numerous difficulties. Some critical reports meet with major obstructions after they are published in newspapers. Most of the critical reports which prove to be true and correct also arouse endless complaints and quibbling. This, coupled with some inappropriate provisions and restrictions on critical

reports, has daunted many reporters. The leaders of many press units are enormously bothered by this. During the interviews, they indicated to these reporters that they hoped that the leaders concerned would adopt a more liberal and democratic attitude toward supervision by the press and public opinion.

"If you want the newspapers to carry out supervision, it is necessary to confer on them the right to make criticism," Tan Wenrui said. "It is necessary to change our concept toward critical reports. Critical reports will not bring shame on the party and lower its prestige. On the contrary, they will augment the party's prestige." Now, the newspapers' critical reports are still far from sufficient, particularly in terms of quality. They seldom help discipline inspection departments discover malpractices, which in many cases the discipline inspection departments have discovered and decided to handle. Although such critical reports are also needed, they cannot genuinely play the supervisory role of public opinion. RENMIN RIBAO has published a series of reports, such as a letter, "We Have Been Obstructed in Handling Cases According to the Law," written by some security policemen at Shanxi's Taiyuan City Public Security Bureau, an investigative report by RENMIN RIBAO reporters entitled "After the Arrest Warrant Was Issued," and an editor's note entitled "It Is Impermissible To Take Advantage of One's Power and Position To Mock the Law," bringing to light the serious problem of Tong Yun, member of the Standing Committee of the Shanxi Provincial Advisory Commission and former deputy secretary of the Taiyuan City CPC Committee. As some comrades see it, they were good reports because they genuinely played the supervisory role of public opinion. They enabled the quick solution of a long-standing case, which had been unresolved for 3 years. After briefing the reporters on how radio and television broke with convention and carried out criticism, He Guang talked about his understanding of press supervision. He said: "Press supervision must have fairly extensive contents. It should include the problems, shortcomings, or errors in the implementation of party and government policy decisions; violations of the law and discipline by government functionaries who take advantage of their powers and positions to seek personal gain; and various decadent phenomena in society and even ethical problems." Guo Chaoren said: The supervisory role of the press is different from that of supervisory departments. More often than not, it mobilizes the masses and relies on the role of public opinion and moral force. This role should not be underestimated.

Stress Practical Results, Let Publicity Strike Root in the Minds of the People [subhead]

Stress practical results and let publicity strike root in the minds of the people. This is a matter most widely discussed in the press circles in 1987. It is also a matter which the press circles carried out quite satisfactorily. During this interview, the question was raised again.

All people hold that a very important issue in press reform is the practical results. It won't do to write articles, publish books, and broadcast news without looking at the publicity results. To make our publicity strike root in the hearts and minds of the people, it is necessary for our reports to proceed from reality, from the needs of the readers, and from the law governing journalistic work. In short, we should no longer dodge problems of concern to the masses and adopt the practice of "writing negative articles in a positive way." JINGJI RIBAO editor in chief Fan Jingyi said: It is on the basis of such an understanding that JINGJI RIBAO attaches more importance to being "more solid" than "more open, more comprehensive, and more equal" and takes it as a principle in future publicity work. BEIJING RIBAO has also put the attitude of "seeking truth" in a more important position than "deepening the reform and invigorating the economy." It refrains from publishing reports in terms of absolutes, changing conclusion into reasoning, indoctrination into discussion, and admonition into dialogue on an equal basis. This has turned BEIJING RIBAO into a newspaper well received by the people in the capital.

Deep-level reporting is also a hot topic we came across during the interview. Some comrades hold that it has been developed from "short, new, quick, and lively" reports put forward several years ago. Wang Shi, director of ZHONGGUO QINGNIAN BAO's News Research Institute, graphically called the strong social reaction brought about by such reports as a "fitful effect." In his view, however, compared with the daily role of newspapers, namely, the "regular effect," not many reports can produce a "fitful effect." It is even more impossible to publish them every day. For this reason, far from overlooking the "regular effect," those running newspapers should conscientiously grasp the numerous routine news report in normal times. Only those newspapers which can satisfactorily combine the two effects are qualified ones.

The editorial board of RENMIN RIBAO has affirmed the successes scored by the newspaper editors and reporters in preparing deep-level reports and supported their enthusiasm in reforming reports. It also pointed out that, with regard to numerous issues in society, particularly those that draw the widespread concern of the masses, RENMIN RIBAO should make penetrating analyses and explorations at the macro level and write some reports which are convincing, have certain depth, and can help readers broaden their horizon and enhance their level of understanding. Some of these reports should be fairly long. However, deep-level reports are not necessarily lengthy articles. Now, the articles (newsletters) tend to become longer. The newspapers need many short, new, quick, and lively reports. We encourage people to write deep-level news reports and turn out, at a relatively high speed, high-quality "products" that take up relatively limited space.

Create Journalism Corresponding to the Theory of the Initial Stage of Socialism [subhead]

The report to the 13th party congress has set many new requirements and put forward a number of new problems for journalism, such as "letting the people know about important events and discussing important issues." How should this be embodied in journalism? How should we increase reports on party and government affairs? How should we handle the relations between supervisory role and party leadership over the press? To give correct answers to these questions, we need theoretical guidance and journalism corresponding to the initial stage of socialism.

At the second annual academic conference of the Capital Journalist Society held recently, some comrades read their theses in this regard and set a good example. Wang Chen, a graduate student of the Academy of Social Sciences studying for his master's degree and deputy editor in chief of GUANGMING RIBAO, told reporters the following aspects that should be grasped in theoretically probing into press reform: On the one hand, it is necessary to theoretically sum up and generalize the achievements attained in press reform over the years, upgrade the methods that have stood the test of practice and that conform to the requirements of reform and opening up from experience to theory, and develop journalism through practice. On the other hand, it is necessary to boldly assimilate the progressive ideas and concepts from journalism of the West and other countries and regions and adopt the democratic and scientific factors that reflect the general laws of journalism. We must rely on those engaged in press work and the journalists with practical experience to make explorations in the theory of journalism and bring forth new ideas, he said. It would be much better if we can integrate the efforts of the two.

Do Well in the Reform of the Ranks of Journalists [subhead]

We realized from the units we visited that it is a pressing task of current press reform to improve the quality of the ranks of journalists. Without the ranks of journalists with lofty ideals, firm confidence, perfect work style, and vim and vigor which are professionally competent, it will be impossible to accomplish the tasks put forward by the 13th party congress. At a meeting of reporters held not long ago, the department of reporters of RENMIN RIBAO regarded improving the quality of reporters as an important agenda of the meeting. XINHUA News Agency has also planned to make the following efforts next year to strengthen the building of its ranks:

Enhance the sense of political responsibility of the working personnel in unswervingly implementing the party's line, continuously emphasize investigations and studies and ensure truthfulness of the news under the complicated situation of reform and opening up, and encourage reporters to be honest and upright. In the development of a commodity economy, never try to regard news report as a "commodity" or means of "commodity exchange" to seek personal gains.

The leaders of press units shoulder the heavy responsibility of directing work and leading press reform. Their mental attitude can have a direct impact on the work of a unit. Fan Jingyi's remark "do not be afraid" left a deep impression on us.

When the 13th party congress was in session, Fan Jingyi personally wrote "Notes on 13th Party Congress" which was well-received by readers. We asked him to say something about his personal experience. He smiled and told us the "inside story" of an article in his "Notes." He said that an article in the "Notes" cited the remark "Zhao Ziyang shook hands with Hu Yaobang warmly" from the speeches of the delegates. When the comrade on duty read it, he tactfully asked whether the remark should be carefully considered. No, there is nothing wrong in the remark, replied Fan. Although he gave a definite answer, he hesitated and thought again and again of the question raised by the comrade on duty. In the evening he considered telephoning to cancel the remark. But he did not. He said with emotion that many conventions in propaganda are actually created by ourselves. Only by removing these conventions can we emancipate ourselves. The editor in chief should have the courage to take the responsibility for a decision. I believe that I have upheld the four cardinal principles and will not deliberately speak or act against the central authorities. A person cannot avoid mistakes and criticism in his work. Naturally, he should make as few mistakes as possible. In both its reports and layout, JINGJI RIBAO could support reform and opening up with a clear-cut stand over the year. This is directly related to the mental attitude of Fan Jingyi and staff members of JINGJI RIBAO.

During the interview, some comrades expressed their views on the question of overstaffing arising from management of the current journalist system characterized by administrative management which is against the laws governing journalism. Luo Kaifu, deputy editor in chief of JINGJI RIBAO, introduced their reform in this regard. Since February 1987, JINGJI RIBAO implemented the system of the editorial board assuming duty. The method of bidding was adopted in some important reports which reduced intermediate links and increased efficiency. "Huaihe. We Are Concerned About You" and seven other series promptly implemented the spirit of the State Council on strengthening flood prevention work. At that time editor in chief Fan Jingyi immediately asked the editorial board to hold a meeting of heads of relevant departments when he returned home after attending a State Council meeting. A decision on sending reporters to conduct investigations in Huaihe was made. Later two reporters were selected to set off immediately. The newspaper adopted the same method last year to report important news which included the Daxinganling fire and the 13th party congress. By doing so, they abolished the 8-hour office system and enabled journalism to operate according to the laws of journalism.

XINWEN ZHANXIAN on Reform, Opening Up
HK270627 Beijing XINWEN ZHANXIAN
in Chinese No 1, 88 p 3

[Article by Editorial Department: "The Time Is Calling—to the Readers at the Beginning of a New Year"]

[Text] In China, 1988 will be a year of continuing reform and opening up. Reform of the economic structure will be further deepened, and reform of the political structure has been placed on the order of the day. Educational, science and technological, and cultural structures will be improved and developed...in all spheres there are contradictions and clashes between old and new, inside and outside, rigidity and transformation, and things that should be discarded and those that should be developed. Things are changing and the new is replacing the old.

The time of reform is full of shocks. Journalists are reporting shocks and are at the same time being shocked. The economic reform has shaken the superstructure, the press circles in the superstructure. This is the dialectics of things. Over the past few years people of insight in the press circles have been vigorously advocating and urging reform of journalism. It is required that news reports should be new, short, quick, and alive, and that they should be open and faithful so that they can be read and believed and can touch the people's hearts. New vitality should be injected into news media and the quantity of news should be increased. However, press reforms are not as inspiring and effective as the economic reforms they have reported. Our newspapers, broadcasts, and television programs are still flooded with the general news of meetings, vocational reports, news of experiences, and "sermonizing" and "inculcating" remarks. Our brains and our news reports are still fettered by the traditional ways of thinking and the old patterns and frames.

Reform and opening up is a historical trend. The time whereby "the people can only do things but cannot know things" under the condition of closing the country to international intercourse is gone forever. The people are the masters of history and the main readers of newspapers. Whether the masses like to read a newspaper and how many people like to read it is the only criterion for examining the quality of a newspaper. Today the real situation is: Infectious live television broadcasts are still welcomed by the audience, but the distribution of quite a few newspapers has been dropping. Many young people like to listen to foreign broadcasts, but are not interested in some of our newspapers. This is a severe challenge!

Reform is the call of our times. Reform of journalism is an organic link of the entire reform. It is our task to accept the challenge and carry out reforms so that we can have more readers and bigger audiences. At the 13th CPC National Congress many questions were raised, including the building of socialist democratic politics, the establishment of the system of social consultation

and dialogue, the question of giving play to the supervisory role of the media through increasing reports on political and party affairs by news and propaganda media, and the question of encouraging the masses to criticize the shortcomings and mistakes in our work, oppose bureaucratism, and fight against all kinds of unhealthy tendencies. All this, together with the unprecedented open style in releasing news by the 13th CPC National Congress itself, form an excellent condition for carrying out reform of journalism.

Our journal—XINWEN ZHANXIAN—would like to advance on the road of journalistic reform with our readers and other journals in the press circles. This year we will use more space to report various explorations and contentions in reform of journalism and open up new columns. The task for the "News Observation" column is to make analyses and comments on the new propaganda trend and report; the purpose of "News Talks by People From All Quarters" is to reflect the opinions, views, and suggestions of people from all quarters on news reports and the press circles; the goal of "Collection of Journalists' Ideas" is to collect the new ideas and new practices of journalists in reporting reform; and the policy for "Jottings on Editorial Business" is to explore new experiences and new problems in editorial work. We wish that our counterparts in the press circles and people from all quarters who are enthusiastic in promoting reform of journalism will concern themselves more with our magazine and give their support to it, so that new ideas can be discussed, new explorations can be exchanged, and new information can be merged into it...

Reform of journalism is also a systematic project which concerns various questions such as concept, writing style, content, form, personnel, and structure. There will certainly be some throes in a reform, and it will be some time before it is finished. However what will come out next is hope, and then the joy of birth. This will be an inevitable outcome.

Zhao Affirms Advantages of Contract System
OW270650 Beijing XINHUA Domestic Service
in Chinese 1202 GMT 26 Jan 88

[By reporter Xu Yaozhong]

[Excerpts] Beijing, 26 Jan (XINHUA)—Implementation of the enterprise responsibility system based on operations contracts in 1987 showed four big advantages, according to a recent remark made by a responsible person of the State Economic Commission.

Last year was noted for a major breakthrough in popularizing the contract operations responsibility system. According to statistics of 22 provinces, autonomous regions, and municipalities, 75 % of the industrial enterprises listed in the state budget implemented such a contract system. Among them, 76 % were large and medium enterprises.

Recently, Comrade Zhao Ziyang was briefed by this responsible person of the State Economic Commission on the implementation of the contract system. Comrade Zhao Ziyang affirmed the results yielded by the enterprise contract system in 1987. He said: With the implementation of the contract operations responsibility system, enterprises showed greater vitality and made progress in exercising macroeconomic control while achieving microeconomic flexibility. The situation will be still better if we continue to persist in this system.

The four big advantages of the enterprise responsibility system based on operations contracts are as follows:

Economic benefits increase steadily and revenue is guaranteed. Compared with 1986, the output value of industrial enterprises listed in the state budget increased 11.3 % last year, sales proceeds increased 17.1 %, total profit and taxes increased 9.9 %, and the amount of profit turned over to the state plus tax payments increased 6.7 %. The industrial output value and the total amount of profit and tax increased synchronously. There was a remarkable improvement in the use of circulating funds and the capital funds for product manufacture. In 1987 the industrial production growth rate was 14.6 %, while capital funds for product manufacture increased 14.7 % for enterprises listed in the state budget. [passage omitted]

The motivating force of enterprises increase remarkably. The general situation in all localities was that last year unprecedented difficulty was experienced in making production arrangements. However, after the institution of the contract system, and especially the public bidding system for selecting contractors, the interests of the enterprises, contractors, staff members, and workers were all linked directly with the economic results of enterprise operations. This put pressure on, as well as provided a motivating force to them and everyone was concerned about the results of operations. Early last year Beijing Municipality found it very hard to get supplies of certain raw materials for production because of serious shortages. The introduction of the contract system stirred the enthusiasm of enterprise contractors and the broad masses of staff members and workers, who tried every conceivable way to solve the problems of raw materials and foreign exchange required for their production. This brought about a gratifying phenomenon of enterprises solving their own problems by going to the market rather than approaching the mayor and by tapping their internal potentials instead of requesting assistance from the higher authorities.

After the introduction of the contract system, the market plays a greater role in guiding enterprise operations. Last year saw a fairly good situation with regard to the supply of industrial products in the market. Retail consumer goods sales rose 16.9 % and means of agricultural production increased 22.4 %. A major reason for this was that the implementation of the contract system promoted technological advance and the readjustment of

product makeup. It also increased the enterprises' capability to develop new technologies and products and boosted the production of brand-name, high-quality, urgently needed, and marketable products, as well as products for export to earn foreign exchange. Incomplete statistics show that last year the textile industry developed more than 10,000 new product versions and light industry developed some 8,000 new products and product versions, of which 644 won the title of good new products. On the other hand, production of goods already in excess supply was put under proper control. Decline was noted in the production of watches, electric fans, sewing machines, and computers.

Auxiliary reforms within enterprises are promoted. Introduction of the enterprise contract system accelerated the implementation of the plant director responsibility system and further improved the enterprises' targeted management system and economic responsibility system based on the system in which the plant director is responsible for meeting certain targets during his tenure. Meanwhile, competition mechanisms and the principles governing commodity exchange and the relationship between revenue distribution and results of operations were introduced into enterprises. All these contributed to improving enterprise management. [passage omitted]

Li Peng at Meeting to Hear Accident Reports
OW262243 Beijing XINHUA Domestic Service
in Chinese 1423 GMT 26 Jan 88

[By reporter Xu Xinhua]

[Text] Beijing, 26 Jan (XINHUA)—Li Peng, acting premier of the State Council, presided over an executive meeting of the State Council today to hear reports by the Railways Ministry and the Civil Aviation Administration of China [CAAC] on two recent major accidents in railway and civil air transport and to discuss, in particular, the principles for handling the aftermath and ways of improving transport safety.

Speaking at the meeting, the acting premier reaffirmed the following State Council principles for dealing with the two accidents: Doing a good job in handling the aftermath; bringing traffic order back to normal as quickly as possible; courageously ensuring transport safety during the forthcoming Spring Festival; working earnestly to discover the causes of, and responsibility for, the accidents, draw lessons from them, and penalize those responsible; and summing up the experience, and taking measures to improve safety in transport.

At Li Peng's suggestion, the State Council executive meeting decided to set up a special committee to investigate into the 18 January air disaster of CAAC Flight 222 and the 24 January No 80 Express Train derailment and overturning on the Guiyang-Kunming Railway. Headed by Zhang Jingfu, state councillor and chairman of the National Committee for Safety in Production, the

committee will report the findings on the causes and responsibility for the accidents to the State Council, and propose ways of handling the cases.

Speaking at the meeting, Li Peng emphatically pointed out: Safety in transport is an important matter concerning the life and property of large numbers of passengers. Unsafe transport facilities will not only incur losses to the people's life and property, but also adversely affect the stability of the whole society. Local governments and communications departments at all levels must pay keen attention and take effective measures to ensure transport safety.

Li Peng said: All transport trades must implement the principle stressing that "safety should come first and emphasis be put on preventing accidents," and foster the idea of safety first among all workers and staff. They must strictly observe work discipline and various rules and regulations. Along with progress in socialized production and advances in technology, there should be tighter organizational discipline and better-conceived rules and regulations. It is necessary to set up stringent regulations for the examination and maintenance of transport facilities, so that they can operate in good conditions and that unsafe facilities can be completely replaced. Efforts should be made to tighten security for the transport systems, resolutely crush activities designed to damage safe transport, and check violation of operating regulations. Safety in production concerns not only transport departments but also all trades and professions. Everyone should pay keen attention to the question of safety.

Li Peng said: All of us are sad about the accidents. At times like this, it is all the more necessary to gather our courage, do our work well, and draw lessons from the mishaps, thus turning the pressure into a motivating force. He urged leaders at various levels to work hard so that, in a relatively short time, transport safety can be significantly strengthened.

Vice Premiers Wan Li and Yao Yilin and State Councilors Fang Yi, Chen Muhua, Zhang Jingfu, Wu Xueqian, and Song Jian, as well as officials from relevant departments under the State Council, attended the meeting.

Hu Qili, standing committee member of the Political Bureau and member of the Secretariat of the CPC Central Committee, Wen Jiabao, alternate member of the Secretariat of the CPC Central Committee, Bo Yibo, vice chairman of the Central Advisory Commission, and Xu Xin, deputy chief of general staff of the Chinese PLA, also attended the meeting.

Li Maosen, vice minister of railways, and Hu Yizhou, director general of the CAAC, made reports on the accidents and the emergency measures to deal with the aftermath, taken on the instruction of acting Premier Li Peng. They apologized for the grave consequences caused by their departments' failures, and asked for

disciplinary action to be taken against them for their failure. They also pledged to draw lessons from the accidents and improve safety in transport work.

Analyzing the subjective causes for the accidents, Wan Li attributed them to inadequate rules and regulations, lax discipline, poor management, and incompetence of workers. He called for adopting and enforcing measures to ensure safety.

In his speech, Hu Qili endorsed the State Council's principles for dealing with the accidents. He called for earnestly summing up the experience, tightening up various rules and regulations, strengthening management, enhancing the sense of responsibility, clearly defining the responsibility for each post, and stressing the principle of safety first, to prevent recurrence. It is necessary to reinforce the law and discipline and sternly punish those carrying explosives, inflammables, and other hazardous materials on train or plane, or dismantling railway facilities.

Bo Yibo said: Although progress has been made in the work of various fields since the 13th CPC National Congress, quite a few problems exist. Leaders of all central departments and provinces, municipalities, and autonomous regions should set good examples in increasing their sense of responsibility and working hard to surmount obstacles on the road of advance with a modest and prudent attitude.

Chen Muhua, Zhang Jingfu, Wen Jiabao, and Xu Xin also spoke at the meeting.

Urges Transport Safety

OW261617 Beijing XINHUA in English 1542 GMT
26 Jan 88

[Text] Beijing, January 26 (XINHUA)—A State Council session today heard reports on two recent accidents and discussed the principles for handling the aftermath and ways of improving safety in transport.

The session was presided over by acting Premier Li Peng, and the reports were delivered by the Ministry of Railways and the Civil Aviation Administration of China.

On Li Peng's proposal, the session decided to set up a special committee to investigate into the causes and responsibility for the two accidents, XINHUA learned.

Speaking at the session, Li Peng reaffirmed the council's principle for dealing with the accidents, namely, the principle of doing a good job in handling the aftermath, and striving to bring traffic order back to order as quickly as possible to ensure safety in transport work during the forthcoming Spring Festival period.

He ordered work in real earnest to find out the causes and responsibility for the accidents, sum up the experience, and penalize those responsible.

Li Peng stressed the principle of "safety first" in transport. "Safety should come first and emphasis be put on preventing accidents," he said.

There should be stringent regulations for the examination and maintenance of transport facilities, so that they can operate in good conditions.

He also called for tightened security for China's transport systems. There is the need to resolutely crush activities designed to damage safe transport, he said.

"All of us are sad about the accidents," he said. "At times like this, it is all the more necessary for us to pick up our courage and do our work well."

Li Peng urged leaders at various levels to work hard so that in a relatively short period of time, transport safety can be strengthened significantly.

Li Senmao, vice-minister of railways, Hu Yizhou, director general of the Civil Aviation Administration of China, made the reports on the accidents to the session.

Both apologized for the accidents and asked for disciplinary penalties for failing to do their work well.

Also present were Vice-Premiers Wan Li and Yao Yilin and party leaders Hu Qili and Bo Yibo.

Vice-Premier Wan Li attributed the accidents to poor management, laxity of discipline, and incompetence of workers.

Li Peng Names Committee To Investigate Crashes OW261539 Beijing XINHUA in English 1524 GMT 26 Jan 88

[Text] Beijing, January 26 (XINHUA)—The State Council today decided to set up a special committee to investigate into the January 18 plane crash and January 24 train accident.

The decision was made on a disposal by acting Premier Li Peng at a State Council session. Zhang Jingfu, state councillor and chairman of the National Committee for Industrial Safety, will head the committee.

After the investigation, the committee will report the findings on the causes and responsibility for the accidents to the State Council and propose ways of handling the cases, XINHUA learned.

The 98 passengers and ten crew members on board Il-18 No. 222 plane of the Southwest China Airline died when the plane crashed near the Baisiyi Airport of Chongqing City, Sichuan Province.

The train accident happened 346 km from Kunming, capital of Yunnan Province.

Li Peng Discusses Agricultural Production
OW261931 Beijing XINHUA Domestic Service
in Chinese 1437 GMT 26 Jan 88

[By RENMIN RIBAO reporter Huang Caizhong and XINHUA reporters Zhou Yichang and Pu Liye]

[Text] Beijing, 26 Jan (XINHUA)—Li Peng, acting premier of the State Council, stressed at the closing session of a national agricultural work conference today that in stabilizing the economy, it is necessary to first stabilize agriculture and place it at the top of the agenda.

Wan Li and Yao Yilin, vice premiers of the State Council, attended the conference.

The acting premier said: The national economic situation as a whole was good in 1987. The economic structural reform was accelerated and notable results were achieved in the campaign to increase production and practice economy and to raise revenue and reduce expenditures. The rural economy continued to grow, with increases registered in the output value of all its sectors — farming, animal husbandry, aquiculture, land reclamation enterprises, and village and township enterprises. Grain output exceeded 400 billion kg, 10 billion kg more than the previous year, and cotton output totalled 4 billion kg. The grain and cotton procurement work has proceeded smoothly and is almost completed.

Nevertheless, problems and contradictions in agricultural production have emerged that should on no account be taken lightly. The supply of major agricultural products has now fallen behind demand. The increase in grain output has been especially slow, and the number of pigs raised has decreased. At the same time, demand is soaring, causing meat shortages in some large and medium-sized cities. Therefore, how to boost agricultural production and stimulate greater growth in order to satisfy the growing need for grain has become a prominent issue and pressing task in the national economy as a whole.

The general principle for China's economic work this year is to stabilize the economy and deepen the reform. Judging from the whole national economy, in stabilizing the economy we must first stabilize agriculture and place it at the top of the agenda. It is necessary to achieve a fairly large increase in grain and cotton output, stop the downward trend in the production of sugar-bearing crops, and develop pig raising at a faster pace. It is also necessary to strive to achieve advances in the production in other fields. Li Peng emphatically pointed out that agriculture is the most important basic production aspect of the national economy. Although we have made great advances in industry, the fundamental position of agriculture will not change; and even though we have basically solved the problem of food and clothing for our people, agricultural production has not yet developed in an adequate manner. The 13th CPC National Congress clearly pointed out that the question of agriculture is

extremely important and has a direct bearing on overall economic development and reform. The steady growth of agriculture, grain in particular, is the foundation for steady, long-term development of the entire economy. Historical experiences show that if agricultural production fails to develop fast enough, the entire national economic development will be adversely affected. Therefore, all relevant departments under the State Council must, in their everyday work, pay keen attention to consolidating and reinforcing agriculture as the foundation. Local governments at all levels must place agriculture at the top of the agenda by further strengthening the leadership over agriculture and adopting effective measures to ensure its sustained and steady growth.

Li Peng said: Based on our experience since the 3d Plenary Session of the 11th CPC Central Committee in solving agricultural problems, it is necessary to first invigorate agriculture. Therefore, we should effectively consolidate and develop the achievements scored in rural reforms since the 3d Plenary Session of the 11th CPC Central Committee. Problems cropping up in the process of reform can be resolved only through reform. The party Central Committee and the State Council have been studying measures to deepen the rural reforms. For example, a major reform measure will be taken in agricultural production and the commodity circulation system by gradually incorporating the production, supply, and marketing of all farm products except grain, cotton, and other products that are vital to the national economy. Local governments at all levels and commerce departments should do a good job in trying out this measure at selected units.

In invigorating agriculture, it is necessary to study price reform of agricultural products. As this question involves a wide range of areas, we should proceed from the overall national economic situation in making reforms step-by-step. This year the government has slightly readjusted the prices of some farm products to ensure additional benefits to farmers. At the same time, the government has strived to stabilize the prices of means of agricultural production. With a view to setting the price ceilings for important means of production, including means of agricultural production, the government has promulgated regulations governing the market of production means. In order to protect farmers' interests, local governments at all levels should step up price supervision and severely punish, according to law, criminals who resell goods at a profit and drive up prices.

Agriculture, like industry, is an organization for producing materials. To boost agricultural production, we must ensure its material conditions and increase capital input. The State Council has mapped out concrete measures for increasing the domestic production of chemical fertilizers. These measures should be implemented by the relevant departments. It is not the government alone that is responsible for increasing agricultural capital input. What is more important is encouraging and guiding the

peasants to put more capital into agriculture. If we can fire the enthusiasm of the peasants, they will constitute a powerful force in agricultural production.

In conclusion, Li Peng said: The 13th CPC National Congress has regarded achieving advances in science and technology and improving the quality of the work force as the most important task of the strategy for economic development. In developing agriculture, it is also necessary to stress advances in science and technology and improved quality of the peasant work force. The "spark program" and "harvest program" have produced good results in recent years, and must be continued and gradually improved. It is necessary to study and formulate policy measures encouraging scientists and technicians to go down to the countryside to contract scientific and technical services so technologies can be applied to production as quickly as possible, thereby accelerating the process of transforming advances in science and technology from potential to practical productive forces.

Du Runsheng, director of the Rural Policy Research Center of the Secretariat, spoke on the current rural situation.

LIAOWANG Calls for Strict Governing of Party
HK270833 Beijing LIAOWANG in Chinese No 2,
11 Jan 88 p 1

[Article by Yi Li (0001 5867): "A Show of Strength Is Necessary in Governing the Party With Strictness

[Text] More than a year has passed since the idea that the party should be governed with strictness was proposed, but the results have been meager. What is the cause and how can party style be really rectified? This has become "an important question that should attract a high degree of attention and be seriously resolved" by every comrade concerned with the future of the country and the fate of the party, and first of all by the Communist Party members.

Why is this question raised in this fashion? This is because the bureaucratism that exists to a serious degree in the party and the practices of a few party members, especially certain party members undertaking leadership work, in abusing their powers not only ruin the party's reputation but also constitute a kind of interference in reforms and opening up and have become a matter that currently arouses much discussion and strong objections among the masses. In a certain sense, bureaucratism and unhealthy trends have become a social public evil.

Ours is a political party representing the proletariat, the most advanced class in human history. Ours is a party that serves the people and devotes itself to the lofty ideal of communism. But why did some party members degenerate? In his report to the 13th CPC National Congress, Comrade Zhao Ziyang said: "When a party is in power, its members tend to become divorced from the masses; that is much more harmful to the people than it would have been before the party came to power." "Now that our party is in power,

it must stand the test that a ruling party has to face. Now that it is providing leadership for reform and for opening to the outside world, it must also stand the test of that endeavor. This is a crucial test we must undergo in party building during the new period." Here, the test that a ruling party must face means the test of power. This test will help to find out whether our party members will seek public or personal interests with the power that the people have vested in them. As for the test of reform and opening up, it means the test posed by commodities and money. This test will help to find out whether our party members can "keep moral integrity and remain uncorrupted" in the historical course when the country is upholding the policy of opening up and introduction of capital and technology, developing the commodity economy, and encouraging the people to get rich. Our party managed to stand the test of war in the past. It will be able to stand the test of power and the test of reform and opening up as well. If we analyze the issue concerning party style in a scientific manner and in accordance with the principle of seeking truth from facts, we will find that there are numerous party members and cadres who are enthusiastically and loyally serving the people. They fully deserve to be called the pillars of China today. However, it is also true that a small number of party cadres have failed to stand the test and have thus gotten a bad name. A handful of corrupt elements among them have even degenerated into vermin of society. Of course, they cannot represent the vast majority of our party members, but they did play a significant role in contaminating the party's organizations and ruining the party's image.

In order to protect the party's organizations, preserve the party's image, intensify its position as the proletariat's ruling party, and promote the smooth progress of reforms, opening up, and the four modernizations, it is on the one hand necessary to integrate party building with reform and opening up and to strengthen the building of systems through carrying out reforms and opening up in depth to reduce the sources that generate unhealthy trends; on the other hand, it is essential to govern the party with strictness and strictly enforce party discipline. The current problem is that the party still cannot be governed with strictness in certain departments. Long delays occur in placing the problems of certain people on file for investigation and prosecution, and when this procedure has been done it cannot be followed up; some people are lightly punished for serious crimes, and it is easy for them to remain officials. Plenty of people tailor their words to suit the situation, but few speak out bluntly and impartially. If this state of affairs continues, when can unhealthy trends ever be stopped? Since people who stretch out their hands for official posts put aside all considerations of appearance, and those who indulge in unhealthy trends can also do this, it is they themselves who are paying no heed to appearance, so why should others preserve face for them? Li Guixian, secretary of the Anhui Provincial Party Committee, recently said at a meeting that it is necessary to deal seriously with certain people who do not care about face. That is well said! Only by governing the party with strictness can we preserve and improve the CPC's prestige.

Comrade Deng Xiaoping pointed out as early as 1982 that "it is impossible" to stop some unhealthy tendencies "without a show of strength." He said: "Some comrades are soft and hesitate to take action against offenders. Why? Ideologically, because they have not realized the gravity of the problem."

Are those comrades who hesitate to govern the party with strictness facing the same problem?

Governing the party with strictness and attaining the goal of thorough governance of the whole party and the whole country, thus creating a good climate for reforms and opening up, is a major affair for the whole party. To make a success of this major affair, it is not enough just to rely on the demand for strict governance and strict punishment from top to bottom; it is necessary to tackle the problem in a comprehensive way. It is first necessary to start with those issues that arouse the most objections among the masses and for which the conditions for establishing systems are now relatively ripe, such as abuse of power in housing and personnel matters, together with illegal pursuit of gigantic profits in the economic field; such problems should be gradually and seriously resolved through reforms and through governing the party with strictness. Here the key point is that enhancement of party members' quality demands that all party members, first of all party cadres, conscientiously and resolutely implement the party's line and be faithful to the communist cause. A city party committee secretary pointed out: First of all, our leading cadres must "preserve moral integrity"; "otherwise, they will not be qualified to have a say!" His remark is absolutely correct. Those who fail to act righteously will not be qualified to have a say. How can they be equal to the task of governing the party and the country? Fundamentally speaking, in achieving good party style, the CPC must also bring into play its supervisory role from top to bottom and the supervisory role of the people, and place the party members and the entire party under effective supervision. This requires stepping up the building of democracy and the legal system and strictly acting according to the procedures of democracy and the legal system. What we have to work hard on at present is to fulfill the short-term targets regarding the reform of the political structure set forth by the 13th CPC National Congress, especially to give full play to the functions of people's congresses, CPPCC committees, trade unions, CYL organizations, women's federations, and other organizations at all levels, to open up more channels to solicit public opinion, and to change the current situation of overcentralized power and lack of supervision.

The resolution adopted by the 13th CPC National Congress reflects the will of the party and the people. The masses excitedly say: We now have a clearly defined guideline, we have taken a correct road, and we have adopted good policies. The result will all depend on our performance! Some comrades of democratic parties said: "Now, everything is ready and all that we need is the rectification of party style!" Their remark is to the point

and profound! Therefore, it is our very important task to govern the party with strictness, to resume our party's prestige as a ruling party, thus ensuring that the party will perform better in fulfilling the great historical mission of giving leadership to building socialism with Chinese characteristics. The Chinese people succeeded in the national democratic revolution in the past despite numerous difficulties because they had a good party that wholeheartedly served the people. Today, no matter how many difficulties and obstacles are in our way, all the Chinese people will have full faith in our party and we are bound to win new victories in our socialist modernization, so long as our party can work harder to improve itself and wholeheartedly serve the people!

Commentator on Basis for Judging Right, Wrong
HK270739 Beijing RENMIN RIBAO in Chinese
13 Jan 88 p 3

[Commentator's article: "The Criterion for Judging Right and Wrong"]

[Text] The Editorial Department of this newspaper has lately received some letters and articles that disclose that after certain scientific and technological personnel engaged in part-time jobs in their spare time or certain scientific and technological advisory service organs received income from the market, disputes ensued, some of which were improperly dealt with. The lot of the Pingyang Technological Development Company in Linfen City, Shanxi, is a representative case.

Reform signifies exploration. The C C Central Committee has defined the orientation of reform and formulated the blueprint of reform, and in the course of implementation and in the specific method of work, the creations of thousands upon thousands of people are required. Since they are the masses' creations, we cannot keep to conventional ways of doing things. As the Pingyang Technological Development Company did, some did things on the basis of a "red-headed document" and some did not; some based their work on an "upper-level instruction" and some did not. This situation is unavoidable. What can easily evoke dispute and criticism is that people do things when they temporarily do not have a "red-headed document" or "upper-level instruction." On what basis do we judge what is right and wrong?

The 13th CPC National Congress report clearly and definitely points out: "All things that are beneficial to the development of productive forces conform to the basic interests of the people and are, therefore, demanded by socialism or permitted by socialism. All things that are disadvantageous to the development of productive forces run counter to scientific socialism and are not permitted by socialism." So long as we measure things with this "criterion of productive forces," right and wrong will be shown. Obviously, it should be affirmed that the Pingyang Technological Development Company organized some 500 scientific and technological workers

and used their surplus energy to invigorate the local economy and township and town enterprises and to create much social wealth. This is beneficial to the development of productive forces. If a "red-headed document" is needed, the 13th CPC National Congress report should be the most important "red-headed document." Is it not very clear?

Of course, the correctness of the orientation does not mean that every specific method of work is correct. So far as the operation and activities of a company are concerned, they are either lawful or unlawful. So long as they conform to the laws and regulations of the state, they are permitted, and no upper-level departments have the right to flagrantly interfere. Since the Linfen City Industry and Commerce Bureau conducted repeated examinations and confirmed that the scope, method, and items of operation of the Pingyang Technological Development Company are legitimate, on what grounds could the other upper-level departments close it down at will?

To implement the spirit of the 13th CPC National Congress, it is necessary to create a good environment in society: So long as they can promote the development of productive forces, all new creations of the masses in the course of reform are legitimate and must be protected and encouraged; and all things that strangle the masses' creations must be prohibited.

People hope that they will see the Pingyang Technological Development Company reopen very soon and see the scientific and technological personnel and enterprises that were unjustly dealt with active in the technological market again.

Book on CPC Basic Line To Be Published
OW271119 Beijing XINHUA Domestic Service
in Chinese 0629 GMT 19 Jan 88

[Text] Beijing, 19 Jan (XINHUA)—Good educational material for launching education in the rural areas about the party's basic line—"A Common Reader on the Party's Basic Line"—is to be published by the Shanghai People's Publishing House.

This "reader", which has been compiled by comrades from the central authorities and the State Council at the invitation of the Propaganda Department of the CPC Central Committee, in accordance with the guideline of the 13th CPC Congress and the party's basic line on the initial stage of socialism, systematically answers and expounds questions on policies and ideological understanding which are the major concerns of the people in rural areas. It also clearly specifies how to accelerate and deepen rural reform and to advance the construction of new modernized socialist rural villages under the direction of the party's basic line. Therefore, it is excellent instructional material for carrying out education in the rural areas about the party's basic line, for it not only can be used as a textbook for the vast number of rural cadres

and party members to study and for county (city) party schools and those of towns and townships, but also can serve as reference in publicizing the party's basic line among the vast number of peasants.

CPPCC Holds Spring Festival Reception
OW261324 Beijing XINHUA in English
1300 GMT 26 Jan 88

[Text] Beijing, January 26 (XINHUA)—The National Committee of the Chinese People's Political Consultative Conference expressed its strong desire to expand international contacts at a Spring Festival reception it gave here tonight.

Speaking at the reception, Yang Jingren, vice-chairman of the CPPCC National Committee, said that in the world today peace and development are the most important tasks for the people of various countries.

The Chinese people are a peace-loving people, he said. The CPPCC is willing to continue to expand and strengthen its exchanges and contacts with friendly organizations and personages in other countries.

Yang also stressed the CPPCC's important role in developing China's democracy and economy and in domestic social life.

He said that at present the CPPCC is working hard in accordance with the basic line of the primary stage of socialism, a line formulated by the 13th National Congress of the Chinese Communist Party last October.

He thanked diplomatic envoys and embassy officials of other countries to China for their enthusiastic support and assistance the CPPCC has received in its international contacts in the past year.

Also present at the reception were Vice-Chairmen of the CPPCC National Committee Kang Keqing, Chen Zaidao, Zhou Peiyuan, Fei Xiaotong, Ma Wenrui and Lei Jieqiong, as well as diplomatic envoys and embassy officials of various countries to China.

NPC's Banqen Warns of 'Black Sheep'
HK270657 Lhasa Xizang Regional Service
in Mandarin 1130 GMT 25 Jan 88

[Text] On the morning of 25 January, Banqen Erdini Qoigyi Gyaincain, vice chairman of the NPC Standing Committee, visited the Xizang People's Armed Police General Unit and called on and reviewed a number of people's armed police commanders and fighters stationed in Lhasa as well as a number of public security cadres and policemen.

Accompanying Vice Chairman Banqen to the Xizang People's Armed Police General Unit were Wu Jinghua, Raidi, Doje Cering, and (Gao Changjin), leading comrades from the autonomous regional party, government, and military organizations.

When Vice Chairman Banqen arrived at the main gate of the people's armed police general unit by car, Fan Zhilun, deputy commander of the Chinese People's Armed Police, and other leaders from the armed police headquarters stepped forward to greet Vice Chairman Banqen and respectfully presented hada [piece of silk used as a greeting gift] to him to extend a warm welcome.

After this, Vice Chairman Banqen reviewed a number of people's armed police commanders and fighters as well as a number of public security cadres and policemen and watched military performances with great interest.

After watching the performances given in his honor, Vice Chairman Banqen said: I am very pleased with your training performances. It is an immeasurable honor for you to have been entrusted with the sacred mission of defending the southwest frontier region of our motherland and protecting people of all nationalities. You have unswervingly implemented the party central authorities' general and specific policies and achieved great successes in putting down the riots in Lhasa. Yours is a good army made up of the sons of the people. We are currently doing fairly well in preparing for the yearly (?Chuan Zhao) festival [Tibetan Buddhist festival]. During the next stage, our armed police commanders and fighters as well as public security cadres and policemen must ensure public security during the festival. I believe that the masses of the people, including the vast numbers of Buddhist monks, are good people. However, a few black sheep will come out into the open sooner or later to make trouble. We must handle such people according to law.

Finally, NPC Standing Committee Vice Chairman Banqen expressed the hope that all the armed police commanders and fighters as well as public security cadres and policemen will boost their morale, heighten their confidence, strengthen discipline, be well trained, and accomplish all the tasks assigned them by the party and the people.

Wang Bingqian on Using World Bank Loans
OW270010 Beijing Television Service in Mandarin
1100 GMT 22 Jan 88

[From "National News Hookup" program, by reporters Zhang Guoying and Yu Hong]

[Text] A meeting cosponsored by the Finance Ministry and the State Planning Commission to exchange experience in using World Bank loans ended in Beijing today.

Wang Bingqian, state councillor and concurrently finance minister, made a report at the meeting. He said: Since 1980, the World Bank has issued 52 loans to China

totaling \$5.6 billion, of which 40 % are interest free. The World Bank loans have been used mainly for energy, communications, agriculture, and education projects. World Bank loans are an important source of funds from abroad. Most of the projects that China has built with the World Bank loans over the past 7 years have fulfilled or overfulfilled the requirements in the evaluation reports. [Video shows Wang seated in a meeting hall, shots of charts and photographs of projects built with the World Bank loans]

Song Jian Attends Memorial Service in Beijing
OW271257 Beijing XINHUA Domestic Service
in Chinese 1559 GMT 22 Jan 88

[Excerpts] Beijing, 22 Jan (XINHUA)—A ceremony was held at the auditorium of the Baobaoshan Cemetery for Fallen Revolutionaries in Beijing today to pay last respects to Comrade Meng Shaonong, member of the Science Council of the Academy of Sciences of China and a noted automobile expert. Meng Shaonong passed away in Beijing on 15 January at the age of 73.

Comrades Li Xiannian, Chen Yun, Yao Yilin, Jiang Zemin, Song Ping, Bo Yibo, Zhang Jingfu, Duan Junyi, Yan Jici, Fang Yi, Gu Mu, Song Jian, and others sent wreaths. The State Science and Technology Commission, the Academy of Sciences of China, the State Machine-Building Industry Commission, and other units also sent wreaths. [passage omitted]

Comrades Song Jian, Zou Jiahua, and others attended the ceremony to pay their last respects.

Beijing Marks Soong's Birth Anniversary
OW261408 Beijing XINHUA in English 1315 GMT
26 Jan 88

[Text] Beijing, January 26 (XINHUA)—More than 500 people gathered here today to mark the 95th birthday of Soong Ching Ling (1893-1981), the late honorary president of the People's Republic of China, and wife of Dr. Sun Yat-sen.

Among those present were Vice-President Ulanhu, Song Renqiong, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, Yan Mingfu, member of the Secretariat of the party's Central Committee, and Peng Chong and Ngapoi Ngawang Jigme, vice-chairmen of the National People's Congress Standing Committee.

In her early years, Soong Ching Ling supported Sun Yat-sen's three policies of allying with the Soviet Union, cooperation with the Chinese Communist Party and advancing the interests of peasants and workers. She did much to promote cooperation between the Kuomintang and the Communist Party between the years of 1924 and 1927.

Ulanhu said that the reunification of China was Soong's lifelong wish. "Soong Ching Ling was an outstanding daughter of the Chinese people, and a great lady of the 20th century," he said.

Qu Wu, honorary chairman of the Revolutionary Committee of the Chinese Kuomintang Central Committee and council member of the Soong Ching Ling Foundation, sent a message from Guangzhou paying tribute to her.

Attending the meeting were also representatives from the United Nations Organization in Beijing and diplomatic envoys.

Commentator on Law of Army Management
HK270539 Beijing JIEFANGJUN BAO in Chinese
1 Jan 88 p 3

[Commentator's article: "Explore the Law of Army Management, Deepen Military Reform"]

[Text] With the deepening implementation of the spirit of the 13th Party Congress, the warm current of reform has infiltrated and spread to all fields of social life, including the Army. Many contemporary soldiers, who have a strong sense of responsibility for the security and development of the motherland as well as the great cause of invigorating the Chinese nation, are pondering on one question: How to step up and to deepen Army reform.

The PLA is an armed group that comes from the society and renders service to the state and nation. The building and development of our Army have all along been closely linked to social changes. Pushed forward by the momentous waves of reform nationwide in recent years, our Army has acquired new vitality and vigor in its building and is striving to realize the goal of building a mighty modern, regular, and revolutionary army as proposed by Chairman Deng.

It is beyond doubt that the success and hope of modernization lie in deepening reform. However, correct theoretical guidance is indispensable regarding all such questions as how to formulate scientific and systematic macroscopic plans for reform, so that army building in the new historical stage may avoid or make fewer detours; how to adopt various appropriate microscopic measures for reform, so that the will and solidarity of Army units may be firmed up; and how to explicitly and clearly resolve all kinds of doubts in people's minds in order to bring forward the initiatives and creativity of the whole Army from the top to the grass roots in building a modern revolutionary army. The deepening of reform has pressed for a new breakthrough in army-building theory; that is, knowledge of the law governing army building.

I.

Theory usually refers to knowledge of the law governing certain matter, and the law governing the matter reflects the essential links inherent in the matter. Hence, military

theory is nothing more than the knowledge and revelation of the law governing military affairs. In the final analysis, military theory is the branch of science that deals with the research and exploration of the law governing military affairs. All such branches in the family of military science as the science of strategy, the science of campaign, the science of tactics, the science of military system, the science of military history, and the science of army political work share one purpose: To study and explore the law governing military affairs. While such research and exploration are conducted from different angles and at diversified planes, they all aim to reveal in nature the inevitable links between various factors in the military system, despite the differences in the objects and essences in their study.

The law governing things is objective and is independent of man's will. When people recognize and go along with the law, they will acquire freedom of action and arrive at their destiny; but whoever neglects or violates the law governing things will invariably be doomed to failure and relentlessly punished. Since the founding of the PRC, China has undergone many detours in its economic development and suffered as a consequence. Studying its cause from the angle of cognition, we found the root lay in the lack of correct knowledge and certainty about the law governing socialist economic construction. The reason that economic construction has developed at a faster pace since the 3d Plenary Session of the 11th Central Committee lies in the fact that the CPC has attained a deepening understanding of the law governing socialist economic construction and the consequent readjustment and reform of economic policies and the economic system in the present stage based on such understanding. Likewise, inherent law irresistibly exists in the matter of army building. In the early 1950's, the Central Committee and the Central Military Commission timely proposed the concept of building fine, modern, and regular national defense forces in accordance with the changes in the tasks for the Army and the demands of the international situation. Guided by such a concept, the PLA readjusted and made complete and perfect the leadership structure and organized and founded new services and arms on the basis of streamlining, reorganizing, and reducing the Army establishment. At the same time, it initiated a large number of military institutes and academies, formulated a whole range of rules and regulations, and implemented the compulsory military service system as well as the Army rank and wage systems. Consequently, the PLA improved its military training as well as political and cultural education strictly based on certain proportions, founded its research institutes for defense science and technology as well as war industry, produced its own regular weapons, and stepped up the research and development of high technology weaponry. As a result, the PLA's features changed greatly within a few years. Those years are worthy of being called the unforgettable "golden age" in the PLA's history of army building. Even today, many comrades who went through that period cannot help but feel excited when talking about it. The regret is that such fine days did not last long. Beginning in the late 1950's, the PLA's army building suffered greatly

because of the effects of the "leftist" guiding ideas, especially when Lin Biao took charge of the Central Military Commission and pursued "giving prominence to politics" in a big way with the total neglect of the objective law. Then, the disastrous "Great Cultural Revolution" came. It was not until Comrade Deng Xiaoping began to take charge of the Central Military Commission that army building was shifted on the track of healthy development through a series of actions in bringing order out of chaos in the guiding ideas for army building.

The objective law is invisible and cannot be felt; however, when people are successfully acting in accordance with the law or punished for neglecting it, they can sense its existence, and the sense is all the more strong in the latter case. Reviewing the detours made in our army construction, do we find the lessons not sufficient to make us more sober and mature? Should we fail to pay great attention to discovering the law governing army building, it would inevitably be very difficult to tell what is right or wrong regarding many issues, and detours would hardly be avoided because of blind actions. We must be brave in admitting the following fact: We have, to date, failed to have a complete grasp of the objective law governing army building!

II.

The law governing army building is contained in the whole course of the Army's shaping and development as well as its military activities. Despite the great differences among various armies in social system, class nature, and background in times, all armies, with no exception, exist for dealing with wars and making war preparations. Hence, there must be some common laws governing army administration and the art of war. Of such common laws, many are times and class-transcending, surpassing the boundaries of nations and offering revelations and enlightenment to contemporary soldiers. To supply each other's needs in military principles, to learn from each other in tactics and skills, to refer to each other in establishment structure, and to draw on each other's merits in army administration are all usual phenomena in the histories of army building of various countries. To have a clear idea of the general law governing army building is indispensable to the conscious and scientific guidance for our army building. Take, for instance:

—Peacetime economic construction and army building must go hand in hand. A nation that has gone through a great war or a total war is liable to attach importance to reviving and developing its economy, thus leading to demobilization by a wide margin. Both the United States and the Soviet Union had more than 10 million troops in active service during World War II, and four-fifths of their forces were demobilized after the war. It was the same case with us: After the PLA won nationwide victory, more than 1.4 million troops were demobilized. Peacetime demobilization is inevitable; however, this does not mean in any way that army building can be

relaxed. The aim of demobilization is to create necessary conditions for building a prosperous nation and a mighty army, for dealing with the next war that may break out, and for laying the cornerstone of victory in safeguarding peace. However, history often repeated itself in such phenomenon as punishment for singing the paean to peace while forgetting the bitterness of war as soon as it was over. Britain and France neglected their defense buildup after World War I, and both suffered bitter realities in the next world war. There is a need to strengthen army buildup so long as the Army exists. We should not relax our vigilance against war so long as war factors continue to exist. We must always remain sober about this.

—The Army must intensify its military training and attach importance to the instillation of lofty ideals. Military affairs is a branch of science crystalized with blood and fire. Only through strict training will soldiers master such science. The more developed the modern warfare, the more ample the war preparations involved; and the greater the effort that must be exerted in peacetime. The Army should maintain its sound combat effectiveness and strong sense of discipline. To achieve this in a peaceful environment, it is also necessary to rely on strict training and administration, while paying attention to the instillation and education among soldiers in patriotism, sense of responsibility, sense of honor, and sense of discipline. In many countries, the political control and ideological education of their armies have been strengthened on the one hand; on the other, long-term military training has been adhered to, with its toughness growing in gradualism, such as conducting military exercises in tropical forests in summer and being stationed in severely cold zones during the winter. Facts have proved that training not only yields better qualities, qualified people, and combat effectiveness, but also is capable of resisting and eliminating the negative effects of social environment on army building.

—While renovating weaponry and equipment, it is imperative to attach great importance to the development of military theory. Weapons and equipment are combat effectiveness materialized, as well as an important sign to judge the combat qualities of an army. To perform one's duty, no army should neglect the renovation of its weapons and equipment. However, advanced weapons and equipment will give play to their might only under the guidance of relative military principles. In the history of war, the guidance of old theories often failed to gear to new-type weapons and equipment. The crux of the problem is whether people are able to promptly realize and change such a situation. Prior to World War II, the Polish Army did not pay attention to the renovation of its munitions and equipment or did it pursue the development of military principles. This led to the absurdity of the valiant Polish cavalrymen galloping, sabre in hand, charging Hitler's hordes of armored vehicles rolling into Poland. The weapons and equipment of the French Army were far from poor, but they were countered by French outmoded military principles.

Thus, nor did the French Army escape its doom. In post-war days, the armies of many countries have not only attached importance to the renovation of their weapons and equipment, but have also taken great pains to develop their military principles, especially when the results of the new technological revolution are applied to the military field. The contention in military theory has become an important aspect in the world military contention today.

Besides, such phenomena as weapons and technology determining the way of warfare, war patterns affecting the establishment structure, as well as strictness and discipline in army administration all have the qualities of the law governing army building, and repeatedly appeared in the histories of army building, Chinese and foreign. They are worthy of our study and reference.

However, the common nature of things cannot take the place of individuality. Because of the differences in the national and army conditions between various countries as well as their differences in defense targets, not to mention the differences in cultural and psychological traditions, the army building of any country must have its own specific law. The blindness in army building of any army can be reduced only when it has a clear idea of the many common laws governing army administration and actions, while having a sober understanding of the specific law governing its own building. China is characterized by its vastness, weak foundation, and large population. The principle of our Army is active defense. Besides, our Army has many fine traditions shaped over many years. All this has decided that the building of our Army must have its own characteristics. For example:

—Since its birth, our Army has been in an environment of hardships with extremely poor material conditions. This has urged us to proceed from the actual conditions and to formulate a principle for army building with its own characteristics. In wartime, our Army was capable of sticking together and fighting to the end despite all kinds of hardships and refraining from self-conceit with one victory after another. An important reason to account for this was strengthening political work and paying attention to ideological building. Revolutionization was an important condition to mend the shortage of weapons and equipment in the past; today, revolutionization is likewise a powerful force to push forward our army modernization. Our army building must take modernization as the core; this must be made crystal clear. However, we should not allow an iota of neglect to revolutionization, any deviation from it means basically giving up Chinese characteristics.

—The PLA is an army of the people. It shoulders the mission of safeguarding the motherland and is entrusted with the responsibility of supporting national construction, rushing to deal with emergencies, and providing disaster relief. However, the fundamental function of the Army is that of a fighting force. It is imperative to make all-round arrangement in army building in accordance

with the requirements on the fighting force, to do everything we can to improve the combat qualities of our Army, and to bring up qualified modern soldiers. By so doing, our Army may be sure of victory in the face of possible war and may give better play to the role of a shock force in supporting national construction, rushing to deal with emergencies, and providing disaster relief when the need arises from the motherland and the people.

—The PLA is an armed force under CPC leadership. It should not for a moment depart from the party leadership, nor should it be separated from the understanding of society and support of the people. The concepts of the people's army, the people's war, as well as its strategy and tactics have formed the bulk of Mao Zedong military thinking, the basic ideas in which are still applicable to army building in the new historical stage.

Perhaps not all of the phenomena cited above are worthy of being called laws governing army building, and the phenomena may not be all-inclusive. Under the present circumstances, the citing of these phenomena may be helpful to our knowledge that objectively, the law governing army building does exist.

III.

New forms of embodiment of the general law or specific law governing army building will continually emerge with social development, the change of the times, the progress of science and technology, the changes in the patterns of war, and the readjustment in the tasks for the Army as well. The grasp of the law governing any matter is in the process of repeated and even infinite cycles. This is a normal process of the new superseding the old regarding the newly discovered law and the law in our original knowledge. The task for the study in military theory lies precisely in continuously following the footsteps of the times and the changes in the development of military affairs to timely reveal the new law governing the maintenance, command, and deployment of the armed forces in order to guide the practice of army modernization.

The exploration of the law governing army building is easier said than done. This can be achieved only by relying on the efforts of all the comrades in the Army, the integration of theoretical workers with those who are in practice, as well as tremendous great efforts in theoretical summation and generalization. Worthy of note is the fact that the gap is still great between the need of the situation and the negligence of the grasp of the law governing army building. Many people have stressed in words the handling of affairs based on the laws governing matters, but in practical work, they have exhibited rather strong subjective arbitrariness. Some have even taken experiences for the law governing things. Today, when science and technology are so highly developed, some people still rely on their own experiences in decision-making. If such a state of affairs should remain

unchanged, mistakes in decisionmaking would be unavoidable and it would not be possible to genuinely rouse due attention to respecting and exploring the law governing army building.

The PLA, which has a glorious standing of 60 years, is among the few armies in the world that have rich experiences in army building. In the years of the revolutionary wars, the PLA army building was proved by victorious practices that it suited the objective realities of that time and was acceptable to the law governing it. Today, in the process of modernization, we have also accumulated voluminous successful experiences despite some detours; but then, mistakes have also helped improve ourselves with lessons. What presses us today is to elevate our experiences to theory, to deepen our grasp of the law governing army building during the new historical stage, so that we may master it consciously as the guidance to our new practice in army building and reform. Why was it that matters that had been correctly conformed with the objective law were easily negated in the past? And why was it that other matters that went against the law governing army building were tolerated for a long time? A very important cause was precisely the lack of clear understanding of the law governing army building. When the army rank system was abolished 20 years ago, we failed to argue strongly on just grounds, to refute all charges enforced on the system, and to affirm in justification that the system was an advancement regarding modernization and regularization. Did it not reveal that we were in many ways rather ignorant in army modernization at that time?

The law governing things is the most authoritative. Let us firmly grasp this authority!

'Inside Story' of Lin Biao Crash, Conclusion
HK270243 Hong Kong WEN WEI PO in Chinese
26 Jan 88 p 3

["End of the full text" of article by Xu Wenyi: "Inside Story of the Lin Biao Plane Crash Affair and the Whole Process of Diplomatic Negotiations"]

[Text] Conjectures in the Outside World [subhead]

After news of the Lin Biao plane crash spread, there were many conjectures and rumors outside. Some said that the plane was shot down by a missile; some said there had been a fight inside the plane. But what is the truth of the matter?

The Mongolian side held that the plane had attempted to make an emergency landing on its fuselage due to unknown reasons but that it had failed. Its right wing crashed to the ground and was broken, causing the explosion and fire. There were no external factors for the emergency landing. According to the meteorological data provided by the Mongolian side, there was no sandy wind or fog over Yideermoge County of Hentiy Province at 0200 on 13 September. There were only some clouds

of the second to fourth scales, and the visibility was 50 km. This shows that there were no dangerous meteorological conditions over the area of the plane crash at that time. The possibility that the plane had crashed due to bad weather can thus be ruled out.

In the written report submitted to our country by the embassy, the following analysis was made: Judging from the facts that there were no high objects near the area of the plane crash, the place for the forced landing had been rationally selected, there was a distance of several tens of meters from the touchdown point to the burning area, the trunks of the dead bodies were not seriously burnt, and there were no signs to show that the plane had plunged to the ground from a high altitude, the plane did not seem to have exploded in the air but exploded and caught fire only after landing.

In May 1972, after consulting relevant experts and making a systematic analysis of the reasons of the plane crash, the special group of the central authorities responsible for the examination of the case drew the following conclusion: The plane did not succeed in making a controlled field landing and was burnt after crashing.

Landing Under Control [subhead]

Why do we say that the plane was making a landing under control? First, the area for the landing was well selected. The plane was originally flying from southeast to northwest, but when it tried to make the landing, it turned around in a direction from north to south. The area for the landing was flat grassland with comparatively good conditions for landing. Second, the pilot had made preparations for the field landing. We can see clearly from the photos of the wreckage of the plane that the leading-edge flaps had been opened before the landing. This is a necessary operation before landing. In a Trident plane, the leading-edge flaps are opened through mechanical screw-lever transmission, which is under manual control. The fact that the hub of the landing gear was intact, without any vestiges of being seriously damaged, and that the main wheels were also in good condition shows that the landing gear had not been lowered by the pilot before landing, and the plane was landing under control, with its tail touching the ground first. The tracks on the ground, which were some 30 meters long, were left by the sliding of the tail after touching the ground. The first parts dropped from the plane were the low housing and nozzle of its tail engine. There were no deep ruts in the ground, showing that the plane did not dash against the ground at a severe angle or fall due to stalling. It made the landing under control. Moreover, all people on board the plane had also made some preparations for the landing. There were no watches on the wrists of any of the dead bodies and no shoes on their feet. This was to prevent sprains if the plane bumped against something.

But why did the plane not land successfully? The first reason is that the operation was not correct or not perfect, resulting in landing at an excessive speed. We can see from the photos of the wreckage of the plane that the deceleration flaps had not been opened and that the thrust reverser for reducing speed had not been used. Thus, the landing speed was naturally too fast. Under normal conditions, these work procedures should be completed by the copilot. The second reason is that the Trident is a kind of low-wing monoplane that is not suited for field landing. Its two wings are attached to the lower part of the fuselage; under the wings and the bottom of the fuselage are comparatively large fuel tanks. When the plane lands without the landing gear in position, both the wings and the bottom of the fuselage can easily touch the ground simultaneously. As a result, the wings can be broken and the fuel tanks damaged, and the plane can easily catch fire. From the photos of the wreckage of the plane, we can also see that the left wing tip was very close to the nozzle of the tail engine after the crash. They were about 160 meters from the plane's touchdown point, and the wing was broken some 180 meters from the point. Moreover, although the area for landing was comparatively flat and smooth, it was still full of bumps and holes. This might also be a reason for the bumping and crashing of the plane after landing.

The Tail Touched the Ground First [subhead]

The area of the scattered debris of the plane was about 800 meters long and 50 to 200 meters wide, in the shape of a long trapezoid. This shows that the plane had landed at a rather high speed with its tail touching the ground first. The plane then bumped on the ground and its two wings were broken. As a result of inertia, the fuselage of the plane dashed forward like a round tube and was broken to pieces, and the people on board were thrown out. At the same time, the fuel tanks were also broken, causing a large burning area.

The main reason the plane was forced to make the field landing was that it was unable to continue the flight due to insufficient fuel. Judging from the altitude and time of the flight, before the plane crashed, there were only some 2.5 tons of fuel left in the tanks, and some of the fuel could not be pumped up for use. The fuel was only enough for a low-altitude flight of about 20 minutes. In addition, since the plane was flying at night and there was neither a navigator on board nor navigation on the ground, the pilot had difficulty making a correct judgment on the position of the plane. Thus, he could not but decide to make the field landing. At that time, the plane was only some 70 km from Ondorhaan. If the pilot were fully aware of the position of the plane, he might have decided to land the plane in Ondorhaan with the remaining fuel.

It is certain that the plane did not explode in the air. First, there were tracks of sliding of the plane on the ground. Second, the area covered by the scattered fragments of the plane was in a long and narrow shape. Had

the plane exploded in the air, this area would be much larger, and the fragments would be scattered more than 10 km away. Third, if it were burnt in the air, the fuel would be used up very quickly, and there would not be a large burned area on the ground.

There Were No Indications That the Plane Had Been Hit [subhead]

The plane was not shot down. The big hole on the right wing of the plane, which had a diameter of about 40 cm, made people suspect that the plane had been shot down by an air-defense missile. However, the upper cover of the wing was not pierced through and the hole was in an irregular shape, with its edges turned outward. This shows that the hole was made due to the explosion inside.

Had there been a fight inside the plane before the crash, as was reported by some foreign news agencies? After making a technological study of the scene of the plane crash and the wreckage of the plane and consulting legal medical experts who had examined the dead bodies, there were still no signs to show that there had been a fight inside the plane before the crash. None of the nine dead bodies had been shot, and the bloodstains on the heads of the dead bodies all resulted from the explosion. Some foreign news agencies said that there was a "honeycomb-like hole" in Lin Biao's body resulting from gunshot. This is sheer nonsense.

Contract System Proves Effective in Firms

OW270851 Beijing XINHUA in English 0304 GMT
27 Jan 88

[Text] Beijing, January 27 (XINHUA)—Last year witnessed a breakthrough in carrying out the contract system for enterprise management, according to a senior official of the State Economic Commission.

Statistics provided by 22 provinces, autonomous regions and municipalities indicate that 75 percent of the budgetary industrial enterprises have adopted the system, 76 percent of them being large and medium-sized ones, he said.

On the effectiveness of the system, he said that its implementation has ensured a steady increase in economic results. Last year, the output value of budgetary industrial enterprises increased by 11.3 percent compared with that in the previous year, and the profits earned showed a rise of 9.9 percent.

The initiative of the enterprises has also been brought into full play. Last year, despite the unusual difficulties in organizing production, enterprises strove to tap their own potential instead of seeking help from higher authorities. This was attributed to the new system that has linked the interests of the enterprises, managers and workers as well as the economic results together, the official said.

Thanks to the system, the role of the market in guiding production has become more prominent, he said. More efforts were made last year in updating technology and developing new products.

In 1987, more than 10,000 new varieties were developed in the textile industry and over 8,000 in the light industry, while the output of such products as watches, electric fans, sewing machines and electronic calculators decreased was brought under control.

The official said that the system has also prompted auxiliary reforms within the enterprises. They include the establishment of enterprises' own banks, the utilization of full-load operation methods, the adoption of a piece-rate salary system and the improvement in the director responsibility system.

However, he said, in some localities the proportion of enterprises adopting the system still remains low, and some enterprises are not fully responsible for their own profits and losses.

In addition, the merits of some managers are not truly reflected in their personal incomes, he said.

Commentator's Article on Checking Price Hikes
HK270749 Beijing RENMIN RIBAO in Chinese
19 Jan 88 p 2

[Commentator's article: "Strengthen Control Over the Prices of Important Means of Production"]

[Text] The State Council today promulgated "Provisional Regulations Governing Prices for Important Means of Production, Communications, and Transport" and "Provisional Measures on Nationwide Unified Price Ceilings of Means of Production Outside the State Plan." The implementation of these two documents is a major event in China's economic life. The central task for this year's economic work set forth by the CPC Central Committee and the State Council is to stabilize the economy, deepen reform, and bring the overall situation under the control of reform. The relation between deepening reform and stabilizing the economy is one of dialectical unity. Only by deepening reform, arousing the initiative of all fields, and developing productive forces can we have a sound material foundation for stabilizing the economy. If the economy is unstable and the problems in all fields are acute, it will be impossible to smoothly carry out reform and attain the anticipated results. To create a stable economic environment for deepening reform, apart from exercising control over the scope of capital construction and the issuance of currency and readjusting the investment setup, it is an extremely important policy measure that must be adopted to strengthen control over the prices of essential capital goods and capital goods not covered by the plan.

Essential capital goods include crude oil, electricity, coal, rolled steel, nonferrous metal, industrial chemicals, pesticides, chemical fertilizers, and plastic sheeting for farm

purposes. Although these products are not consumer goods, if the prices increase drastically and go beyond the capacity of the relevant fields, it will inevitably lead to price increases of light industrial and textile products and farm produce; create an adverse influence on food, clothing, and consumption related to the people's daily life; and become an unstable factor in economic life. For this reason, we should not regard the price increase of essential capital goods merely as a matter of the heavy industrial departments, but should regard strengthening control over the prices of essential capital goods as the key link to stabilizing the economy and prices.

Since the 3d Plenary Session of the 11th CPC Central Committee, we have readjusted the prices of some raw materials and energy products in a planned manner, extended the powers of the local governments in fixing prices, lifted the restrictions on prices of capital goods not included in the plan, and made some progress in reforming the prices of capital goods. However, as general social demand exceeded supply for a long time in the past, the short supply of capital goods became a prominent question. Owing to the substitution of a new system for the old one, which effected enormous changes in the interests of all fields in society, a number of localities and departments relaxed management over essential capital goods. Some regarded the indiscriminate price hikes of capital goods as a means to increase the income of enterprises, localities, and departments. The state enterprises and monopoly trades, in particular, took the lead in increasing prices and exacting charges, which resulted in confusing the prices of capital goods, hindering the progress of economic structural reform, and arousing dissatisfaction among the masses and consumer units. It should be noted that control over the prices of capital goods complement reform and opening up. On the one hand, the state should gradually rationalize the price system and extend the decisionmaking powers of enterprises so that enterprises can flexibly fix prices within a certain range in light of the market needs and adapt themselves to market competition. On the other hand, at the time when the socialist commodity market mechanism is not yet mature and when the economic relations are not yet readjusted, the state will continue to exercise strict control over the prices of essential capital goods, communications, and transport. All enterprises, departments, and localities should strictly abide by the regulations on prices stipulated by the state. They are not allowed to willfully exceed the limit or change the prices without authorization. Regarding the prices of essential capital goods not included in the plan, the state will give guidance or make necessary interference in light of the actual situation of the market.

Stabilizing the economy and prices constitutes the major issue in current economic work. Enterprises should attain better economic results by tapping their latent potentials and improving operation and management. They should not regard price adjustment as the only means to make profits; still less should they regard indiscriminate price hikes of essential capital goods as a

short-cut to increase their income. The people's governments at all levels and departments responsible for professional work should boldly exercise management, encourage the price departments to further strengthen supervision, resolutely fight against violation of prices, curb the unhealthy tendency of price hikes in capital goods and exaction of charges, and do their utmost to maintain price stability.

Chemical Industry Surpasses Quotas in 1987
OW270751 Beijing XINHUA in English 0839 GMT
25 Jan 88

[Text] Beijing, January 25 (XINHUA)—The Chinese chemical industry exceeded state quotas for 16 major products last year, the OVERSEAS EDITION of the "PEOPLE'S DAILY" reported today.

The output of fertilizer was 80.6 million tons, 8.6 million tons above the annual production target and 13 million tons more than last year. Major increases were also registered for soda ash, caustic soda, sulphuric acid and pure benzene.

As a result, the industry's output value increased 13.8 percent over 1986 to reach 59.32 billion yuan (16 billion U.S. dollars).

Taxes and profits handed over to the state by the industry amounted to 10.05 billion yuan (2.7 billion U.S. dollars), 22.3 percent more than 1986.

The volume of export business also set a record.

RENMIN RIBAO on Agricultural Progress
HK270540 Beijing RENMIN RIBAO in Chinese
15 Jan 88 p 5

[Article by Gao Hongfan (7559 1347 0416): "Rely on Scientific and Technological Input To Increase the Momentum of Agricultural Development"]

[Text] During the Sixth 5-year Plan, China's gross agricultural output value (not including the value of village-run industries) was increasing by 8.1 % a year, which was faster than the growth rates of the First and the Fifth 5-year Plan periods, which were respectively 4.5 and 5.1 %. In the Seventh 5-year Plan, agricultural production faces the new situation of a stagnation in the growth of grain output. Due to the relative decline in the interests obtained from grain production, the peasants are not willing to increase investment in this production. Moreover, the area of cultivated land has shrunk, while that of sandy and saline-alkali soil has expanded; soil erosion has become more serious, trees have been overfelled, and the area of grassland is reduced. Meanwhile, there is also the problem of the aging of agricultural machines and a trend of declining fertility of soil, and irrigation has only a 30 to 40 % utility rate. All this shows that the momentum of agricultural development is not strong enough.

Since there is no strong momentum for agricultural development, it will be difficult for us to achieve our strategic goal by the end of this century, that is, that the total grain output will be over 450 million tons and reach 500 million tons, with an average of 400 kilograms for each person. To solve this problem, we must first rely on deepening rural reforms and second, on technical progress. In this article we will mainly discuss the problem of technical progress.

Generally speaking, the process of natural reproduction of agriculture makes it necessary to rely on science and technology in agricultural development. This is because the essence of agricultural production is to turn solar energy into chemical energy and to turn inorganic substances into organic substances. Scientific experiment has proved that the conversion rate of ordinary crops in turning solar energy into chemical energy is only 1 % and that of high-yield crops can reach 2 to 5 %. Obviously, there is broad scope for exploiting the role of science and technology in this respect. If we want both to rationally promote the material and energy change of plants and to make the best possible use of the natural resources so that a new ecological balance can be achieved in agriculture, we have to deepen man's understanding of the natural laws governing agricultural production, that is, to directly rely on the continuous progress of agricultural science and technology and their application in the course of production. In this sense, the application of agricultural science and technology plays a decisive role in the development of agriculture. Thus, the strategic policy of relying on scientific and technological progress in developing agriculture should be fully implemented in production.

According to an estimate by the Academy of Agricultural Sciences, during the Sixth 5-year Plan, the proportion of the roles played by agricultural science and technology in agricultural development was about 30 to 40 %. But in some developed countries, this proportion is 60 to 80 %. From this we can see that there is great potential in exploiting the role of agricultural science and technology in China.

Of course, in our effort to increase the scientific and technological input in agricultural production, we must also follow the natural laws governing agricultural production so that this input is in keeping with the ecological demand and the economic bearing capacity of agriculture. We must try to obtain greater output from smaller input.

Attach importance to the application of traditional agricultural technologies China has a history of several thousand years in agricultural development, in which many agricultural production technologies have been accumulated, especially the technologies of intensive and meticulous farming. For this reason, China was a leader in world agricultural production for a long time in history.

The role of traditional agricultural technologies in increasing production cannot be neglected. This is because the natural conditions and economic conditions under which they have been created have still not yet completely vanished. For example, in the dry areas along the Huanghe, some technologies for fighting drought and preserving soil moisture and methods of using irrigation canals and ditches to reduce water evaporation have been used and developed step by step since the Han Dynasty. Based on those technologies, a series of effective technologies for fighting drought have been created. Even to this day, they are still playing the roles of fertilizing the soil, protecting water resources, improving the ecological environment, and increasing output. At present, dry land still makes up about three-quarters of the cultivated land in China. If traditional drought-fighting technologies are widely used, the per-mu yield can be increased by about 10 %. This is quite a satisfactory growth.

Of course, the traditional agricultural technologies also have their limitations. While attaching great importance to them, we must also further rely on modern agricultural technologies.

Make positive efforts to increase the input of modern agricultural technologies Modern agricultural technologies can generally be divided into two categories: mechanical technology and biological technology. In China, we have already applied a considerable amount of materialized mechanical technology in agricultural production. In 1985, the area ploughed by tractors already constituted 38.9 % of the cultivated land, the machine irrigated area covered 55.9 % of the irrigated area, machine sowing areas were 9.4 % of the total sowing area, and the machine harvesting area was 3.5 % of the total harvesting area. On an average, each 100 peasant households possessed 2.71 small or walking tractors and 1.91 threshers. A fundamental measure for increasing the momentum of agricultural development is to constantly increase the input in this respect and strengthen the material and technological basis of agriculture.

However, the increase in the technological input should be supported by the development of industry and should be suited to the economic returns from investment and the different natural conditions for agricultural production. These factors decide that increasing technological input is a historical process of gradual advance. In the course of developing from manual labor to all-round mechanization, there are several transitional links. In developing from using manpower and animal power as the main work force to electrification, there are many other forms of utilizing energy resources. At present, most rural areas are still in a stage which is characterized by surplus manpower, insufficient animal power, very few machines, and insufficient electricity. When we try to increase technological input, we must proceed from these realities and avoid blindness and rash advance. Some comrades have proposed that we take bicycles and

sewing machines as reference and design some simple and easy-to-use agricultural machines using manpower and animal power as the motive power. These machines will serve as transitional links in the development toward mechanization. This is quite a good idea.

In developing biological technology, we must pay attention to the transformation and increase of the physiological function of living things, the comprehensive readjustment of their nutrition elements, and the rational use of the ecological system. All this can help us increase production. Taking the selection of improved varieties for example, in the 1970's we successfully bred a new variety of hybrid rice. During the Sixth 5-year Plan, this new variety of hybrid rice was grown on 520 million mu of land. As a result, grain output increased by about 39 million tons, at a rate of about 7.8 million tons a year. Generally speaking, the development of biological technology requires less investment, but it suits the form of labor-intensive labor. Therefore there are broad prospects for its development in our country.

Establish a modern agricultural science and technology input system with emphasis on the input of practical technologies To combine modern agricultural technologies with the realities in China's agricultural production, it is necessary to increase the input of practical technologies, that is, the technologies of real and practical use value. They are advanced and applicable technologies. For example, the plastic sheeting technology now being widely used in our country was a result of successfully combining foreign advanced technology with China's traditional horticultural technology. It began to be popularized in 1979, and in 1985, about 22 million mu of land was cultivated using this technology. As a result, the per-mu output of crops increased by 10 to 30 %, and in some areas, it was even doubled.

Practical technologies are applicable in farming, forestry, animal husbandry, side-line production, and fishery. Since they are easy to grasp, they are especially suitable for our country, because at present, the cultural and technological levels of our peasants are still low. Moreover, since they require smaller investment and can yield quick economic returns, they can be easily popularized on the existing material basis. Therefore, it is a key link that we should grasp well with our main effort. In China, we have selected 10 practical technologies to be popularized in the coming decade, including the technology of breeding new agricultural and animal varieties, the technology of water-saving irrigation, the technology of applying advanced-formula fertilizer, and animal breeding technology. They will play important roles in agricultural development in the future. Together with the "Spark Plan," they have formed a main channel for increasing technological input in China's rural areas.

As a result of the rapid advance of modern science and technology, agricultural technology is also advancing to the orientation of knowledge-intensive technology. Experiments on growing plants without soil and studies

on condensing and liquefying chemical fertilizer and making it more compound and longer lasting have brought new vitality to agricultural production. Moreover, the wisdom of mankind is now developing toward the depths of more fundamental spheres. It is possible that some new and significant achievements will soon be made in various spheres, including genetic engineering, biological nitrogen fixation, photosynthesis, and protein engineering. All this indicates that a fundamental change may take place in agricultural production. Though we cannot get immediate results in this study, it is still an indispensable component part of our effort to enhance the momentum of agricultural development. Of the seven spheres put forth by the program for the development of high-tech study in our country, the first one is the sphere of biological technology, including the study of new varieties of high-yield and high-quality plants and animals, the study of new medicines, vaccines, and genes, and the study of protein engineering. If we can make certain breaches in the study and development of high technology, the momentum created for the development of agriculture will be immeasurable.

The rapid advance of science and the technological revolution naturally brings along the development of scientific theories, especially the basic theories. In the general plan to increase the momentum of agricultural development, it is necessary to appropriately increase the input in the study of basic theories.

From the above analysis we can see that the guidance role of basic sciences on the development of technologies, the role of high technologies on practical technologies, and the role of practical technologies on the development of agriculture have altogether formed a strong motivational power system for the development of agriculture.

Article Urges Slower Industrial Development
OW261305 Beijing XINHUA in English 0647 GMT
25 Jan 88

[Text] Beijing, January 25 (XINHUA)—"ECONOMIC DAILY" has suggested in an article that the country should slow down industrial development to maintain a balance with the country's overall development and to stabilize prices.

Last year problems of excessive investment outside the state plan, high consumption and a fall in agricultural production remained, and the state issued only 70 percent of 10 billion yuan in bonds set aside for key construction, while investment outside the state plan kept increasing, the paper said.

At the same time, however, the income of 40 percent of urban families remained unchanged or even decreased but the purchasing power of social groups such as government agencies, enterprises and institutions, rose by an extra 19 percent last year, the paper reported.

Although grain and cotton production showed slight improvement, agriculture generally faced setbacks and some products like pork and sugar had to be rationed.

"These factors have led to demand exceeding supply and cause an unfavorable environment for carrying out reform measures and the root cause of the situation is the excessive increase in industrial development," the paper reported.

Last year, the increasing rate of industrial development was 16 percent, twice the state planned figure. The sharp increase in industry requires more investment and intensifies the need for raw materials, greater energy resources and transport capacity. The extra cost of investment is blamed for driving up prices.

In an effort to stabilize the economy and prices, industry should keep pace with other factors in its development, the paper concluded.

East Region

Han Peixin Attends Jiangsu People's Congress *OW271053 Nanjing Jiangsu Provincial Service* *in Mandarin 1015 GMT 22 Jan 88*

[Excerpts] The First Session of the Seventh Jiangsu Provincial People's Congress opened in Nanjing on the morning of 22 January. [passage omitted]

Seated in the front row on the rostrum were Han Peixin, Sun Han, Sun Jiazheng, Liu Lin, Chu Jiang, He Binghao, Li Qingkui, Hong Peilin, and Li Zhizhong, executive chairmen of the session. Also seated on the rostrum were Gu Xiulian, Chen Huanyou, Ling Qihong, (Jia Ruyi), Zhang Xuwu, (Li Zhuozhang), Wu Xijun, Zhu Ze, and Qin Jie, responsible persons of the provincial people's government, the provincial Higher People's Court, and the provincial People's Procuratorate. Also seated on the rostrum were Qian Zhonghan, Luo Yunlai, Deng Haoming, Gao Juefu, Chen Zonglie, Chen Minzhi, and Chen Suiheng, responsible persons of the provincial CPPCC Committee. [passage omitted]

Comrade Chu Jiang presided at the opening ceremony. [passage omitted]

Governor Gu Xiulian made a government work report to the session. [passage omitted] The report is composed of four parts: 1) Our work in 1987; 2) a review of our work over the past 5 years; 3) a tentative strategic plan for economic development; and 4) suggestions for our work in 1988. [passage omitted]

In the afternoon the session heard a report by (Hu Maolin), chairman of the provincial Planning and Economic Commission, on the 1988 plan for the economic and social development of Jiangsu Province, and a report by (Jiang Zhiwen), director of the provincial Finance Department, on the implementation of the province's 1987 budget and the arrangements for its 1988 budget.

Jiangsu's Han Attends Agricultural Meeting *OW271143 Nanjing Jiangsu Provincial Service* *in Mandarin 1015 GMT 19 Jan 88*

[Excerpts] The 4-day provincial agricultural science and technology work meeting held by the provincial government ended in Nanjing today. The meeting disclosed that since 1978, the province has achieved 1,250 scientific and technological innovations. Of these, 23 items reached advanced world standards and 43 filled in the gaps in China's scientific and technological development.

Following the Sixth 5-Year Plan, the province has popularized over 700 scientific and technological innovations in the fields of agriculture, forestry, animal husbandry, aquatic production, and farm machinery. An agrotechnique popularization and service system has taken shape.

The meeting held that since the founding of the nation, especially since the 3d Plenary Session of the 11th CPC Central Committee, considerable progress has been achieved in Jiangsu's agricultural development. The province now leads the nation in per mu yield of paddy rice and wheat. However, Jiangsu is currently facing a new trial. To bring the provincial agricultural production to a higher level, Jiangsu has to count on scientific and technological advancement. The province must mobilize all the people and cadres to earnestly study and grasp the guidelines of the 13th CPC Congress documents, enhance their understanding of the strategic significance of agricultural science and technology development, and make agricultural scientific and technological development a top priority both in theory and practice. The province should work hard to spread the scientific and technological innovations and tackle key agricultural research projects, so as to bring about steady and sustained development of the province's agriculture. [passage omitted]

Meeting participants also discussed the regulations of Jiangsu Province on deepening reform of agricultural science and technology, provisional regulations on promoting new agrotechniques, measures for funding key agricultural scientific and technological projects, and other documents. Responsible persons of the provincial party committee and government, including Han Peixin, Gu Xiulian, Sun Han, Ling Qihong, Wu Xijun, attended the meeting.

Xue Ju Addresses Zhejiang People's Congress *OW271059 Hangzhou Zhejiang Provincial Service* *in Mandarin 1000 GMT 23 Jan 88*

[Excerpts] The First Session of the Seventh Zhejiang Provincial People's Congress ceremoniously opened in Hangzhou on the morning of 23 January. Economic stabilization and the deepening of reform were the main topics covered. [passage omitted]

Li Fengping, Chen Anyu, Shang Jingcai, Li Yuhua, Wu Zhichuan, Wang Qidong, and Zhu Zuxiang, executive chairmen of the session, were seated in the front row on the rostrum today. Present and also seated on the rostrum were Xue Ju, Shen Zulun, Chen Fawen, Wu Minda, Yuan Fanglie, Shen Guifang, Liu Xinzeng, Tie Ying, Cui Jian, Li Debao, Xu Xingguan, Wang Zhonglu, Li Qing, Wang Jiayang, Tang Yuanbing, Li Dexin, Zhan Shaowen, and Gao Chengyu, leaders of the party, government, and Army organizations in the province; Zhang Xueyi, president of the provincial Higher People's Court; and Zhang Shixiang, procurator general of the provincial People's Procuratorate. [passage omitted]

Governor Xue Ju made a government work report to the session. [passage omitted] The report is composed of eight parts: 1) a basic assessment of the work in 1987; 2) the main tasks for 1988 and the principles for such tasks; 3) making full use of favorable conditions to accelerate the development of an export-oriented economy; 4) ensuring

steady agricultural growth to promote the sustained development of the rural economy; 5) relying firmly on scientific and technological progress and intellectual development to advance economic construction; 6) deepening the reform of enterprises with the stress on the improvement of managerial mechanisms, and carrying out related reforms more effectively; 7) reforming the political system step by step and continuing to develop socialist democracy and strengthen the legal system; and 8) effectively strengthening ideological and political work and continuously promoting the building of socialist spiritual civilization. [passage omitted]

In the afternoon, the session heard a report by Wu Minda, vice governor and chairman of the provincial Planning and Economic Commission, on the draft plan for the economic and social development of Zhejiang Province in 1988 as well as a report by (Song Shaoxiang), director of the provincial Finance Department, on the final provincial accounts for 1987 and the province's draft budget for 1988.

Central-South Region

Guangxi People's Congress Elects Leaders
*HK270127 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 26 Jan 88*

[Excerpts] The first session of the seventh regional people's congress held its fourth full meeting in the Nanning Theater on 24 January to elect the chairman of the Regional People's Congress Standing Committee, the regional government chairman, the president of the regional Higher People's Court, and the chief regional procurator, together with the People's Congress Standing Committee secretary general. [passage omitted] Executive chairman Chen Huiguang presided at the meeting, and 612 deputies were present. [passage omitted]

The session held its fifth full meeting in the Nanning Theater on 25 January to elect the vice chairmen of the regional People's Congress Standing Committee and the vice chairmen of the regional government. This meeting was attended by 609 deputies. Executive chairman Huang Yun presided. [passage omitted]

The session elected Gan Ku, of Zhuang nationality, Chairman of the Regional People's Congress Standing Committee. It elected Jin Baosheng, of Yao nationality, Huang Jia, Wei Zhangping, of Zhuang nationality, Shi Zhaotang, Zhao Mingjian, female, of Zhuang nationality, Zhang Jingning, (Qiu Wenyi), (Tian Min), and (Li Jiwu) as vice chairmen, and (Wei Anji), of Zhuang nationality, as secretary general.

The session elected Wei Chunshu, of Zhuang nationality, chairman of the regional people's government. It elected Cheng Kejie, of Zhuang nationality, Wang Rongzhen, female, Zhao Weichen, of Manzhou nationality, Zhang Chunyuan, and Chen Ren as vice chairmen.

The session elected Meng Duo, of Zhuang nationality, as president of the regional Higher People's Court.

North Region

Hebei Secretary Meets Rural Work Directors
*SK270046 Shijiazhuang HEBEI RIBAO in Chinese
8 Jan 88 p 1*

[Excerpt] On 7 January Xing Chongzhi, secretary of the provincial party committee; Yue Qifeng, deputy secretary of the provincial party committee; Vice Governor Zhang Runshen; and directors of the rural work departments of various prefectural and city party committees met at a forum to discuss the issues of rural reform and development.

Comrade Xing Chongzhi pointed out: This year our province's rural economic development, whether quick or slow, depends primarily on our rural reform. Party committees at all levels and all rural work departments should conscientiously study ways to deepen rural reform. It is necessary to improve the rural cooperative service organizations and solve the peasants' difficulties in irrigating fields and in mechanized farming. Efforts should be made to organize scientific and technical workers to rural areas to contract scientific and research jobs and to organize specialists from all trades and professions to work temporarily in township enterprises and to help them solve difficulties in technology and management. We should make good use of all competent persons in the rural areas. While discussing the situation in Liugusi Town in Hejian County, where the people have operated private credit service centers to solve their difficulties in the shortage of funds, Comrade Xing Chongzhi said: When we come across difficulties, we should strive to solve them with our own efforts, strengthen our awareness of reform, and rely on reform to solve problems. By no means should we rely primarily on the efforts of the higher levels. As long as we exert efforts to reform, many problems can be solved at the lower levels. Judging from the situation in the whole country, places that exerted their own efforts have achieved good results in reform. When we rely on reform to solve problems, we must first conduct experiments and practice before making policies and then find out ways to solve them in the course of reform.

At the forum, Comrade Yue Qifeng pointed out: This year we should achieve new breakthroughs in grain production and the development of township enterprises. To realize this goal, we must take the whole reform situation into account and rely on reform to promote development, perfection, and improvement. [passage omitted]

Heilongjiang People's Congress Session Ends
*SK270421 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 25 Jan 88*

[Text] After satisfactorily fulfilling all items on the agenda, the 11-day First Session of the Seventh Heilongjiang Provincial People's Congress came to a successful end at the theater of the provincial exhibition hall this morning.

During the session, deputies treasured very much the power entrusted to them by the people, conscientiously performed their duties in managing the state, actively participated in and discussed state affairs, and earnestly discussed all reports. On the basis of conducting full consultation and repeated discussions, deputies carefully elected the chairman and vice chairmen of the provincial People's Congress, governor and vice governors, president of the provincial Higher People's Court, chief procurator of the provincial People's Procuratorate, and provincial deputies to attend the Seventh NPC, and approved the election of members of six specialized committees of the provincial People's Congress. The deputies affirmed the province's achievements in the past 5 years, put forward the existing problems, and jointly formulated the development strategy for the next 5 years. This was a session of reform, democracy, and a session for jointly discussing the major reform plans.

Executive Chairman Li Jianbai presided over today's closing ceremony.

Seated in the front row of the rostrum were executive chairmen of the congress session, including Sun Weiben, secretary of the provincial party committee and chairman of the provincial People's Congress Standing Committee, and Chen Yuanzhi, Lu Guang, Wei Zhimin, Liu Huixian, Wang Pili, Wang Zhaozhi, Wang Jun, He Shoulun, and Zhang Ruoxian. Also seated on the rostrum were provincial leaders, including Hou Jie, deputy secretary of the provincial party committee and governor; Wang Zhao, chairman of the provincial CPPCC Committee; and Li Genshen, Chen Yunlin, Zhou Wenhua, Wang Yusheng, Bai Jingfu, Ma Chunwa, Wang Haiyan, An Zhendong, Du Xianzhong, Huang Feng, Shao Qihui, Dai Moan, (Tang Lanting), and Jia Chengwen.

Also seated on the rostrum were provincial-level retired veteran cadres, including Zhao Dezun, Wang Yilun, and Chen Jianfei.

Attending the closing ceremony were 570 deputies. By a show of hands, they adopted a resolution on the government work report, a resolution on the implementation of the 1987 budget and on the draft 1988 budget, a resolution on the work report of the provincial People's Congress Standing Committee, a resolution on the work report of the provincial Higher People's Court, and a resolution on the work report of the provincial People's Procuratorate. They also elected members of the six specialized committees of the Seventh Provincial People's Congress. When the chief ballot supervisor (Ma Guoliang) announced the election results of the secretary general of the Seventh Provincial People's Congress Standing Committee, members of the Standing Committee of the Seventh provincial People's Congress and deputies to the Seventh NPC, the whole assembly hall resounded with warm applause.

Li Jianbai, executive chairman of the congress session, presented the election-winner certificates to the new chairman and vice chairmen of the provincial People's Congress Standing Committee, to the governor, vice governors, and the president of the provincial Higher People's Court. The election of the chief procurator of the provincial People's Procuratorate will be reported to the procurator-general of the Supreme People's Procuratorate and submitted to the NPC Standing Committee for approval. Following this, a certificate will be presented to the election winners.

At the closing ceremony, Hou Jie, deputy secretary of the provincial party committee and governor, and Sun Weiben, secretary of the provincial party committee and chairman of the provincial People's Congress Standing Committee, gave speeches respectively.

The First Session of the Seventh Heilongjiang Provincial People's Congress came to a successful end amid the majestic playing of the national anthem.

Secretary Speaks at Session

SK270515 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 25 Jan 88

["Excerpts" of speech by Sun Weiben, secretary of the provincial party committee and chairman of the provincial People's Congress Standing Committee, delivered at the closing ceremony of the first session of the seventh provincial People's Congress—recorded]

[Text] At this people's congress, some members of the Standing Committee, vice chairmen, secretary general, five members of the provincial party committee and myself were elected as members of the new People's Congress Standing Committee. This is the provincial people's great trust on us. We deeply feel our heavy responsibilities. We will surely not disappoint the provincial people's great trust. During our term of office, we will resolutely implement the guidelines of the 13th party congress, take the theory and the basic line on the initial stage of socialism as our guidance, proceed from the province's characteristics and the needs of reform and construction, accelerate the pace of local legislation, gradually place our provincial work on legislation, and achieve the goal of having laws for the people to abide by. We will further strengthen supervision over the work of the government, the People's Court and the People's Procuratorate, and the supervision over laws and state functionaries, guarantee the correct implementation of the Constitution, laws, and regulations, overcome bureaucracy, reduce mistakes in our work, and promote the work of the government, the provincial Higher People's Court, and the provincial People's Procuratorate.

All deputies and comrades: The tasks facing us are glorious but arduous and our responsibilities are heavy and the road is long. After the closing of this congress session, we should publicize the congress guidelines in a

timely manner, take the lead in implementing all resolutions adopted at the congress, make concerted efforts together with the people of various nationalities throughout the province, work in a down-to-earth manner, be

confident, and strive to promote the building of socialist politics, stabilize the economy, deepen reform, comprehensively fulfill all provincial tasks for 1988, and promote all fields of work in the province to a new stage.

KMT Elects Li Teng-hui Acting Chairman
OW271031 Taipei CNA in English 0952 GMT
27 Jan 88

[Text] Taipei, Jan. 27 (CNA)—President Li Teng-hui was elected acting chairman of the ruling Kuomintang [KMT] Wednesday, two weeks after he assumed the presidency upon the death of President Chiang Ching-kuo, previous chairman of the party.

Li, a member of the party's 31-member Central Standing Committee, received unanimous endorsement at the committee's regular weekly meeting presided over by Premier Yu Kuo-hua.

Three other members of the committee were absent from the meeting. They are former President Yen Chia-kan and National Assemblyman Ku Cheng-kang, both being ill, and Adm. Soong Chang-chih, who is now ambassador to Panama.

It was Yu who proposed that Li be made acting chairman. This move quashed speculations that he had wanted the party chairmanship himself.

The KMT will elect a new chairman at its 13th party congress scheduled to open July 7. It is assumed that Li's leadership of the party will be formalized at that time.

KMT leaders had initially planned to postpone solution of the succession problem until the upcoming party caucus, but they changed their minds after younger parliamentarians elected in Taiwan initiated a drive to make Li acting chairman.

According to the UNITED DAILY NEWS, Yu was the first among party leaders to name Li for the acting chairmanship. At first there were dissenting voices within the party hierarchy, and for that reason the Central Standing Committee's regular meeting last Wednesday was suspended.

It was Li Huan, the party's secretary-general, who succeeded in persuading the opponents to go along with Yu's proposal, the paper said.

Hong Kong Businessman Indicted as Spy
OW270405 Taipei CNA in English 0303 GMT
26 Jan 88

[Text] Taipei, Jan. 27 (CNA)—Shen Cheng [Sham Cheung], an alleged Chinese Communist spy, has been indicted by the Prosecutor's Office of the Taiwan High Court on charges of sedition.

According to the indictment, Shen, 67, who previously served as council member of the Hong Kong City Council, had visited the Chinese mainland 39 times from February 1986 through September.

During his stay on the mainland, the indictment says, he had met several ranking Chinese Communist officials, including Teng Hsiao-ping, to discuss "peace reunification" and "one country, two systems," the Peiping regime's united front tactics.

Shen was given a "confidential letter" addressed to the Republic of China's ranking government officials, during a visit to Peiping on March 24, 1987. He brought the letter to Taiwan on Sept. 11, but his attempt to deliver the letter failed. He was arrested by police Nov. 3 on charges of fraud; his seditious mission was then discovered during the Investigation Bureau's examination of the case.

Hong Kong

Editorial Reviews U.S. 'State of the Union'
HK270323 Hong Kong SOUTH CHINA MORNING POST
in English 27 Jan 88 p 22

[Editorial: "Reagan: Final Chance of Getting the Job Done"]

[Text] President Ronald Reagan is eager to prove that his administration will remain strong and effective to the last day of his tenure. His State of the Union address yesterday not only reaffirmed the traditional American values and verities he has espoused in his seven years in office but, in the important Asian context, also stressed his commitment to free trade. By vowing to veto any protectionist bill passed by the Democrat-controlled House of Representatives and Senate, Mr Reagan has taken a stance consistent with his belief that the world markets are now inseparably entwined and mutually dependent. This declaration by a retiring president is a boost to every economy which looks to the United States for leadership and as a trading partner. As a principal military and economic power, the U.S. has global obligations that not all congressmen, seeking domestic recognition, appreciate. At a time when economic isolationist sentiments are running high in some quarters, it is too easy, and dangerous, for any administration to succumb to myopic legislation and political pressure. That Mr Reagan has again so forcefully stated his anti-protectionist position should be welcomed by Hong Kong, which has been wrongly included with those Asian nations which have their own barriers to U.S. imports. His statement is of even more importance in that it comes in a presidential election year when politicians are prone to stretch the limits of credibility in the endless search for votes.

Mr Reagan's ebullience on this issue aside, the problems of excess which have stalked his administration still present grave consequences on an international scale. The U.S. budget deficit reached nearly U.S.\$180 billion last year and the U.S. accumulated more debt than all previous American governments combined. The level of individual savings has plunged to four per cent of earnings, the lowest among industrialised nations, and money supply rose 40 percent between 1983 and 1986 without a corresponding increase in productivity. The prodigious spending spree coupled with restricted revenue has affected every country that trades with the U.S. The agreement with Congress to pare U.S.\$76 billion from the deficit after a protracted and partisan wrangle late last year can only be the first step in the long march to fiscal solvency. Measured austerity, not sudden frugality, is the key for solving the major international confronting the U.S. and, through the economic domino effect, its friends. Mr Reagan obviously did not convince markets throughout the world, which reacted sluggishly to his pledges, falling short of any new initiatives to reduce the trade deficit.

While the U.S. has much to improve in its performance in the international trading sphere, there is more to be positive about on the domestic front. Mr Reagan was able to answer many of the critics who predicted that the stock market crisis spelled internal disaster for the U.S. and, by extrapolation, the rest of the world. Indeed, Mr Reagan's comment that the American domestic economic grounds are basically firm is not an overstatement—U.S. unemployment has dropped to five percent, the lowest since 1979, and inflation is expected to inch up to 4.4 percent this year, despite the precipitous depreciation of the dollar. The President's challenge to Congress to initiate a compulsory balanced budget bill has come too late, since Mr Reagan is secure in the knowledge that the pain of such cuts will not be felt by his administration. However, the sentiment is justifiable. If Mr Reagan's successor, to be sworn into office in January next year, can achieve that aim during the course of his administration he would have done the U.S., and the world, a favour.

Bankers Angered by Negative Interest Ruling
HK261545 Hong Kong SOUTH CHINA MORNING POST
(BUSINESS POST) in English 26 Jan 88 p 1

[By Eva To]

[Text] The Government has been accused of pressuring the Hong Kong Association of Banks to institute negative interest rates without legal backing from the Legislative Council.

Government pressure was a material factor shaping the decision of some committee members, it was claimed yesterday.

And a legislative Councillor has been told the association is being used as a quasi-central bank to implement monetary policy without the backing of legislation, bankers claim.

Any decision to implement negative interest rates should be made by the council and not by an unofficial body, councillor David Li was told.

Government policy should be implemented by legislation and not by the association, which is not an official arm of the Government, he said in a letter summarising the views of his constituents.

Mr Li said he had received submissions from more than 50 local and foreign banks criticising the move.

Bankers have questioned whether some committee members were wholly behind the Specified Rate Rule, which would allow banks to charge for accepting deposits in Hong Kong dollars.

"Government pressure was a material factor shaping the decision of, at least, some general committee members," a banker claimed yesterday.

Mr Li, who is also the chairman of the Hong Kong Chinese Bankers' Association and chief executive of the Bank of East Asia, said he had discussed the representations with the association and members of the Government.

"The administration is intent on ensuring the mechanism for implementation of negative interest rates is firmly in place. I have the Financial Secretary's assurance that there will be very serious and careful prior consultation.

"While I fully support the Government in its defence of the pegged rate system, I have sympathy with the view that the solution lies in legislation or direct Government action and not in the Hong Kong Association of Banks changing its interest rate rules." Mr Li said.

"The administration is intent on ensuring the mechanism for implementation of negative interest rates is firmly in place, I have the Financial Secretary's assurance that there will be very serious and careful prior consultation.

Other points raised, Mr Li said in a letter to his constituents, included worries over the amount of banknotes in the system, and whether there are enough to support a mass withdrawal of funds. Substantial withdrawals could also lead to rumours of bank runs, he wrote.

Any move to implement negative rates would be very bad for customer relations and would be costly to implement, causing problems for the banks' computerised systems.

Mr Li said the two note issuing banks had assured him there would be sufficient notes to meet any demand.

Meanwhile, in a bid to reduce the disruptive effects of negative interest on the interbank market, the association's general committee has approved the exemption of interbank market transactions by licensed deposit-taking companies.

The exemption was granted in response to a recommendation by the Hong Kong DTC [Deposit Taking Company] Association, according to Alexander Au, director and general manager of the Hang Seng Bank and a member of the committee.

Money market transactions between banks are already exempt from negative interest. It is understood that life insurance companies, the Urban Council and some charity funds are also contemplating seeking similar exemptions.

However, according to the DTC Association's vice-chairman Roger Nickolds, registered DTCs should also be exempt from negative interest if a "liquid and deep" interbank market was to be maintained.

Very few exemptions from negative interest are expected, according to Mr Au of Hang Seng Bank.

Mr Au, head of the technical sub-committee on the Specified Rate Rule, said too many exemptions would dilute the effectiveness of the rule.

Bankers' Charges Rejected

HK270309 Hong Kong *SOUTH CHINA MORNING POST* (BUSINESS POST) in English 27 Jan 88 p 1

[Text] The Secretary for Monetary Affairs, David Nendick, yesterday dismissed as "stupid" charges that the Government had attempted to bypass the Legislative Council in drawing up the negative interest rate plan.

He also said he "couldn't care less" over allegations that the current administration was deviating from the thinking of Sir John Bremridge, the former Financial Secretary who introduced the peg in 1983.

At the time Sir John had said the peg was formulated with an allowance for the rate to be adjusted if the situation so required.

Mr Nendick rejected suggestions that arbitrage—said to be an inbuilt defence of the peg system—was not functioning properly to help bring the Hong Kong dollar's exchange rate with the U.S. dollar close to the peg level of \$7.80.

He said the effectiveness of arbitrage would be significantly reduced at a time of enormous speculation when an anticipated small percentage interest gain from arbitrage could be easily disregarded by speculators, many of whom expected a windfall gain the short term if the Hong Kong dollar appreciated.

Recent renewed speculation that the local currency would be revalued had prompted the Hong Kong Association of Banks to draw up a plan to introduce negative interest rates from March 10 to deter speculators.

Some bankers said that the Government had deliberately bypassed the Legislative Council in drawing up the negative rate plan.

Conceding that the plan was a "joint effort" with the association, Mr Nendick said the Government felt the plan was an adequate measure in deterring currency speculators.

He said it was not a question of whether the Government had bypassed the Legislative Council, but whether there was such a need to make new legislation.

Mr Nendick brushed off suggestions that the Government had imposed its views on the association and emphasised that it was a "cooperative effort" with the association.

On the Government's firm defence of the peg rate, Mr Nendick said it was based on experience in the past four years since the introduction of the peg.

"We don't rely on the hope of Sir John Bremridge or other officials at the time (in 1983).

"We rely on our experience in the past four years."

Paper Comments on Chief Secretary's Speech
HK270339 Hong Kong SOUTH CHINA MORNING POST
in English 27 Jan 88 p 22

[Editorial: "There's More Than One Issue"]

[Text] The Chief Secretary, Sir David Ford, yesterday delivered his version of the state of the territory address and it, too, was positive. Over the past year much emphasis has been placed on the question of political reform to the distraction of all other issues—such as the economic well-being and everyday concerns of the public. But, as Sir David stressed, the fundamental needs and interests of the Hong Kong people have not changed. It is the duty of the Government to see that these requirements are fulfilled without neglecting the need for gradual moves towards more representative political system. The accent during the transitional period to 1997 should be on continuity and change, which are not contradictions but complementary necessities, as expounded by the Joint Declaration.

The past year was a rewarding one for the territory as economic growth rose by nearly 13 percent and unemployment was negligible. The social welfare, housing, education and health programs advanced by the Government have continued to be the administration's chief targets. Sir David's view that Hong Kong's stability and prosperity depended largely on cordial relations between the local Government, Britain and China, echoed the view of Sir Geoffrey Howe in the debate in the British Parliament last week. In this instance the pragmatic view is the soundest. Consultation between the parties is not a detriment to or a compromise of Hong Kong's interests, as some critics suggest, but rather an essential meeting of minds. Hong Kong has a bright future as long as the people are industrious and the governments concerned are sincere.

'Little Progress' in Garrison Funding Talks
HK261541 Hong Kong SOUTH CHINA MORNING POST
in English 26 Jan 88 p 1

[By Simon Macklin]

[Text] British and Hong Kong Government officials remained at loggerheads last night over funding arrangements for the Hong Kong garrison—increasing the likelihood that the existing Defence Cost Agreement will have to be extended into next year.

After four days of negotiations, described as amicable by a Hong Kong Government official, little progress appears to have been made towards hammering out a new cost-sharing deal.

This latest round of talks began on Friday but time is rapidly running out for the negotiators, who must decide on the terms of a new agreement before the existing deal expires at the end of March.

Sources said that despite two weekend meetings little progress had been made in resolving the impasse. Hong Kong is determined that Britain shoulder more of the burden of maintaining its 9,000-strong garrison in the territory in the run-up to 1997.

A Hong Kong Government spokesman said the talks were "open-ended" and no timetable had been set.

But it is believed the existing agreement will be extended for an extra year if no new agreement can be found.

Under the existing agreement the Hong Kong Government pays 75 per cent of the cost of the garrison and the British pay the rest.

But the British Government is committed to making cuts in its Defence budget and it is understood Ministry of Defence instructions have given the British side little room to manoeuvre.

In Hong Kong, some legislative councillors believe the territory is already paying too much towards the costs, especially as local police teams are now being trianed to take over some of the tasks performed by the British troops.

Councillors have said they will vote against the allocation of funds to the Finance Committee if Hong Kong is asked to pay more towards the upkeep of the garrison.

Hong Kong To Remain in World Bodies Post-1997
HK270341 Hong Kong HONGKONG STANDARD
in English 27 Jan 88 p 2

[Text] Hong Kong's continued participation in three international bodies was confirmed following the early conclusion of a subgroup meeting of the Sino-British Joint Liaison Group [JLG].

The JLG subgroup on international rights and obligations yesterday concluded its one-and-a-half day meeting on Hong Kong's future relationship with the international nuclear, hydrographic and health organisations.

The subgroup was originally scheduled to meet here from Monday to Wednesday, but the meeting was cut short when both sides expressed "identical views on the issues discussed", THE STANDARD learned.

The British side at the talks was led by Law Officer Mr Fred Burrows while Mr Sun Yan-heng, head of the Sino-British Land Commission, led the Chinese team.

The meeting unanimously agreed that Hong Kong would continue its participation in the World Health Organisation (WHO) after 1997, the two leaders said.

They said Hong Kong would also maintain its relations with the International Hydrographic Organisation (IHO) and the International Atomic Energy Agency (IAEA).

Hong Kong was currently a member of the British delegation at the three international organisations, and China was a full member of the bodies.

Hong Kong now received technical information from the IAEA through Britain.

The territory's participation in the IAEA after 1997 would ensure that the present flow of information would continue after the Chinese takeover.

Principal Assistant Secretary for economic Services Mr Anthony Clark added that continued participation in the IHO was important because shipping was important to the territory.

It was understood that Hong Kong would not be admitted as a full member of the three world organisations.

However, Mr Burrows declined to give any details about the future status of Hong Kong in these bodies.

Autonomy Granted for Aviation Negotiations
HK270323 Hong Kong SOUTH CHINA MORNING POST in English 27 Jan 88 p 4

[Text] The Hong Kong Government has been given the right to negotiate directly with foreign countries when the territory's aviation agreements need to be amended in future, the Secretary for Economic Services, Mrs Anson Chan, said yesterday.

Mrs Chan said, however, the British Government would continue to conduct bilateral air talks on behalf of Hong Kong until it reverted turned to China in 1997.

The territory's second independent air services agreement—an arrangement separate from those of Britain—was signed yesterday by Mrs Chan, on behalf of the Government, and Dr Ernest Aebi, on behalf of the Swiss Federal Council.

Air service agreements concluded by Britain on Hong Kong's behalf are due to be renegotiated before 1997.

The new Hong Kong/Switzerland Air Services Agreement (ASA), which will come into force late next year, is the second in a series of bilateral arrangements between Hong Kong and other countries. It is the first to be signed here.

Hong Kong's first independent agreement—also negotiated under the umbrella of the British Government with participation by some Hong Kong officials—had been with the Netherlands and was signed in the Hague in September 1986.

Mrs Chan said: "The real significance of the (Swiss) agreement is that we are now in a position to have our own air services agreements and these agreements will all continue after 1997. In future any changes to air services agreements can also be negotiated directly between Hong Kong and a second country."

She said aviation talks with several countries were under way at both "formal and informal levels" involving Hong Kong officials.

While Hong Kong is authorised to sign agreements, negotiations will continue to be carried out by Britain on behalf of the territory, she said.

"The Special Administrative Region will be able, after 1997, to conclude, under specific authorisations from the China Government, its own air services agreements separate from those of China."

Under the new Hong Kong/Switzerland agreement, Cathay Pacific and Swissair, Switzerland's flag carrier, will be designated scheduled flight services.

Meanwhile, Cathay Pacific operate two weekly flights to Zurich from June 1 under provisions of the existing UK/Switzerland ASA.

Direct flight links with Switzerland began in July 1957.

PRC Company Plans \$20 Million Investment
HK261549 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 26 Jan 88 p 1

[By Naomi Lee]

[Text] The China International Trust and Investment Corp [CITIC] plans to invest at least US\$20 million in Hong Kong this year.

Vice-chairman and managing director of the state-owned company, Larry Yung, said CITIC wanted to boost exports.

"Most of the investments will be allocated to the chemical and electronic industries which would give a boost to the local export trade," said Mc Yung.

"Paper manufacturing is another industry that CITIC hopes to develop," he said.

Mr Yung defended the dollar link and said it should be kept to stabilise Hong Kong's export trade which was important to China's economic growth.

"We don't support any change in the dollar link which is now advantageous to Hong Kong's exports," he said, adding that a negative interest rate was one way to get used to the falling U.S. dollar.

He said Hong Kong could cope with the decline but the pressure would increase if the situation worsened.

Mr Yung said CITIC was also studying the feasibility of setting up an electric power plant with China Light and Power on the mainland.

Several locations for the plant are being studied including Shandong, Beijing, Jiangsu and Guangdong, he said.

"We're now establishing an electric power plant in Jiangsu with Hutchison Whampoa and we're interested in a similar joint venture with China Light and Power," he said.

"We're now establishing an electric power plant in Jiangsu with Hutchison Whampoa and we're interested in a similar joint venture with China Light and Power," he said.

Mr Yung also said the franchise for building the Tate's Cairn Tunnel was important to CITIC because Lion Rock would be a bottle neck for the railway now being constructed in Guangdong.

CITIC has teamed up with Swire Pacific, American International Assurance, Shui On, Bouygues/Dragages and Skanska to bid for the project.

If the consortium is successful, it would be CITIC's second tunnel venture in Hong Kong after the Eastern Harbour Crossing project in which it holds a 9.5 per cent stake.

CITIC has linked up with Kumagai Gumi and Cheung Kong Holdings to develop a multi-billion dollar residential and commercial complex on a four-hectare site at Lam Tin.

It is also involved in the construction of the Bank of China building in Central.

CITIC jointly holds a 65 per cent stake with the Chiap Hua Group in Concordia Paper Limited which laid the foundations for a paper mill at Yuen Long Industrial Estate yesterday. The remaining 35 per cent is owned by China Resources (Holdings).

Production is scheduled to start in early 1989 and the local market would be the mill's main target in the first phase of the development.

The managing director of Chiap Hua, Charles Sun, said the venture would allow the group to broaden its market to China's provinces when it reached full capacity.

The Director of Industry, Yeung Kai-yin, said at the foundation laying ceremony that packaging was vital to any export product.

A water supply plant will be built in Yuen Long later this year at an estimated cost of \$40 million.

Deng's Sister Arrives for 20-Day Visit
HK270321 Hong Kong SOUTH CHINA MORNING POST in English 27 Jan 88 p 3

[Text] The sister of Chinese leader Deng Xiaoping is visiting Hong Kong as deputy head of a delegation of Chinese calligraphers and painters.

Ms Deng Xianfu arrived in Hong Kong on Monday.

The delegation will attend an exhibition featuring Chinese calligraphy and paintings from Beijing, Shanghai, Shandong and Sichuan.

Ms Deng said she would be in the territory for about 20 days.

Two children of Mr Deng have already travelled to Hong Kong. The wheelchair-bound Mr Deng Pufang, 44, visited Hong Kong in 1984 in his capacity as deputy director-in-chief of the China Welfare Fund for the Handicapped.

Miss Deng Lin, 47, the eldest daughter of Mr Deng, exhibited her paintings with five other Chinese artists in Hong Kong in 1986.

She was director of the Oriental Art Exchanges Association.

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